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OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

TREASURE ISLAND PROJECT
410 AVENUE OF THE PALMS
BUILDING 1, 2ND FLOOR
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
FAX (415) 274-0299

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574
1
8/9/00
Cancelled

NOTICE OF MEETING CANCELLATION

The regular meeting of the Treasure Island Development Authority scheduled for Wednesday, August 9, 2000 has been cancelled.

The next scheduled meeting of the Authority is Wednesday, September 13, 2000 at 1 p.m. in City Hall, Room 400.

DOCUMENTS DEPT.

AUG - 4 2000

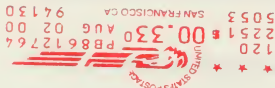
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Treasure Island Development Authority
410 Palm Avenue, Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130

Ms. Susan Hom
Government Info Center
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MEETING CANCELLATION NOTICE - August 9 meeting cancelled

The regular meetings of the Treasure Island Development Authority are held the 2nd Wednesday of each month at 1 p.m. in Hearing Room 400 in City Hall, 1 Dr. Carlton B. Goodlett Place. The next regular meeting is Wednesday, September 13, 2000



OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

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#1
9/13/00
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TREASURE ISLAND DEVELOPMENT AUTHORITY

AGENDA

WEDNESDAY, SEPTEMBER 13, 2000 1 P.M.

Room 400, City Hall
1 Dr. Carlton Goodlett Place

Willie L. Brown, Jr., Mayor

DIRECTORS

John Elberling, Vice-Chairman
William Fazande
Susan Po-Rufino
Doug Wong

Gerald Green
Anne Halsted
James Morales

Annemarie Conroy
Executive Director
Treasure Island Development Authority

DOCUMENTS DEPT.

SEP 11 2000

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ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Approval of Minutes (*Action item*)
3. Communications (*Discussion item*)
4. Report of the Treasure Island Project Director Annemarie Conroy (*Discussion item*)
 - Report on access to Treasure Island including public use last month
 - Status of environmental clean up
 - Report on short-term leases
 - Report on San Francisco-Oakland Bay Bridge/Caltrans issues
 - Report on Treasure Island community issues
 - Report of appointment of Citizens Advisory Committee
 - Report on TIHDI
 - Financial Report
 - Legislation/hearings affecting Treasure Island
5. Ongoing Business by Directors and Introduction of New Business by members (*Discussion item*)
6. General Public Comment (*Discussion item*)
7. Resolution approving extension and amendments thereto of three Master Leases (Southwest Waterfront, Marina and Special Events) with the U.S. Navy (*Action item*)
8. Resolution approving extension of month-to-month sublease with Island Creative Management for Building 99 (*Action item*)

9. Resolution approving extension of month-to-month lease with W. Wong Construction for Building 62 (*Action item*)
10. Resolution approving an amendment to the Delancey Street Foundation Sublease to reduce the premises by excluding Building 298 (*Action item*)
11. Resolution approving sole source negotiations with the Treasure Island Yacht Club for Building 298 (*Action Item*)
12. Resolution in support of application to California Department of Trade and Commerce for \$135,000 for grant to identify means to seismically strengthen Causeway and to develop construction-ready specifications (*Action item*)
13. Resolution approving an amendment to the contract with Words, Pictures and Ideas for an amount not to exceed \$125,000 (*Action item*)
14. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Project Office and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

MEETING AGENDAS NOW AVAILABLE ON E-MAIL

If you would like to receive TIDA meeting agendas by e-mail, rather than through U.S Postal Service mail, please send your name and e-mail address to TIDA@ci.sf.ca.us.

Disability Access

The Treasure Island Development Authority will meet at City Hall, 1 Dr. Carlton Goodlett Place. City Hall is accessible to persons using wheelchairs, and others with disabilities. For American Sign Language interpreters or use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please telephone 554-6789 at least 72 hours before a meeting.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

The closest accessible BART is Civic Center, three blocks from the City Hall at the intersection of Market, Grove and Hyde Streets. Accessible MUNI lines serving this location are: #42 Downtown Loop, 9 San Bruno and the #71 Haight/Noriega. Accessible Muni Metro lines are J, K, L, M and N stopping at the Muni Metro Civic Center Station at Market and Van Ness. For more information about MUNI accessible services, call 923-6142. Accessible curbside parking is available on Grove Street.

TREASURE ISLAND WEBSITE

Check out the Treasure Island website at www.ci.sf.ca.us/treasureisland to find out about activities and facilities on Treasure Island, special events venues for rent, or to review the Treasure Island Development Authority's agendas and minutes.





**Minutes of Special Meeting
Treasure Island Development Authority
July 26, 2000**

Call to Order: 1:03 p.m. in Room 400, City Hall

Roll Call: Present: John Elberling, Vice Chair
James Morales (1:05)
William Fazande
Anne Halsted
Susan Po-Rufino
Gerald Green (1:10)

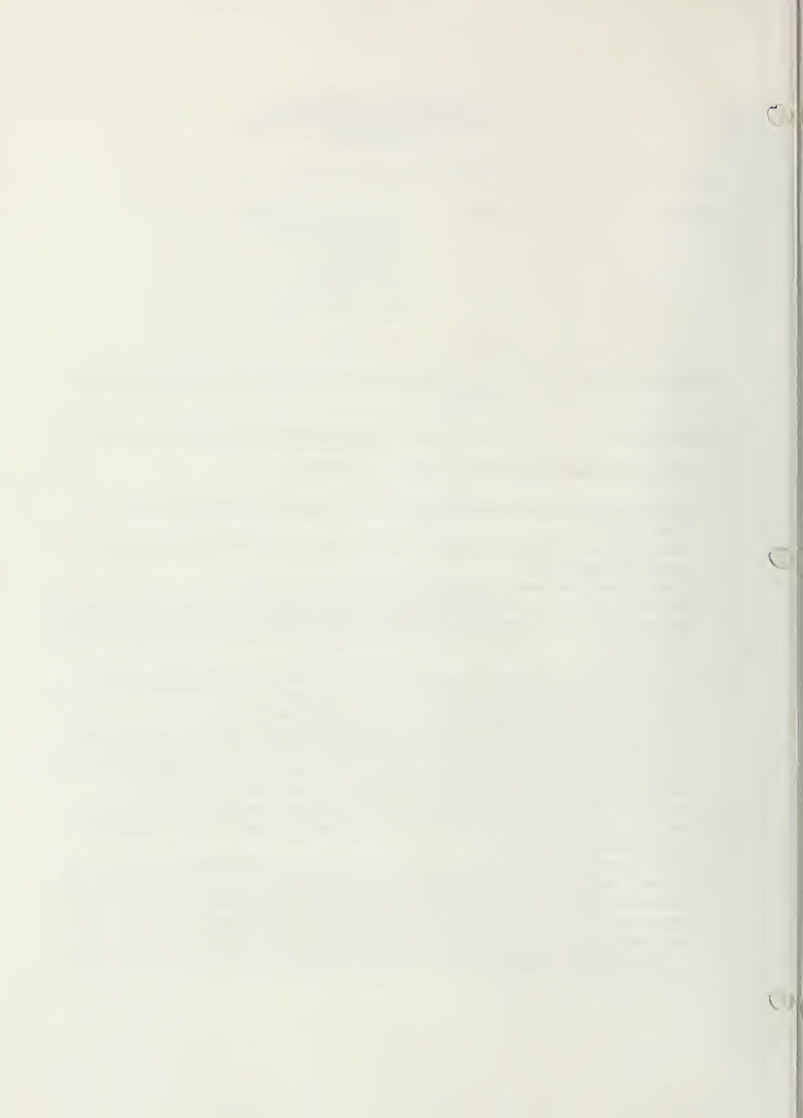
Excused: Doug Wong

2. Approval of Minutes: Both the minutes of April 25, 2000 and June 14, 2000 were approved unanimously.

3. Correspondence The Commission Secretary reported that there were no communications.

4. Report of the Treasure Island Project Director Annemarie Conroy

- Report on access to Treasure Island including public use last month- Ms. Conroy listed past and future events.
- Status of environmental clean up- Since Martha Walters was excused for medical reasons, her report was deferred until August.
- Report on short-term leases- Ms. Conroy reported that there were none.
- Report on San Francisco-Oakland Bay Bridge/Caltrans issues- Ms. Conroy reported that the City was moving forward with the Army Corps of Engineers study on Caltrans' retrofit and assessment of the safety of Caltrans' new east span. Two more meetings are scheduled with the Army Corps to report on their findings.
- Community issues - Ms. Conroy reported that Muni service had been increased and that there is a great need for child care on the island. Ms. Conroy also reported that the John Stewart Company and TIDA were making outreach efforts to secure a convenience store operator.
- Report on formation of a Citizens Advisory Committee- Ms. Conroy reported that Mayor Brown appointed 14 members to the Committee. They are: Marc Kasky, Rich Herrera, Elizabeth Hirschorn, FX Crowley, Carrie Ditman, Steve Arcelona, Ina Aguirre, Lentice Burts, Gerald Miller, Art Beilenson, George Brown, Mike Delaine, Dr. William Fey, and Karen Knowles-Pierce
- Report on TIHDI – Mr. Conroy stated that several of the agenda items related to TIHDI projects on the island. She congratulated TIHDI and its member agencies on their celebration of the second phase of housing units on TI
- Legislation/hearings affecting Treasure Island- Ms. Conroy reported that the Board of Supervisors' Finance Committee approved the removal from reserve of funding for the Geomatrix contract. She added that Supervisor Katz introduced legislation moving forward the subleases for the TIHDI/John Stewart trade if the Authority members approved the items (7,8 and 9) on the agenda. Ms. Conroy added that \$2 million was approved in the state budget for capital improvements for a ferry terminal on Treasure Island. The funds, however, would pass through the Bay Area Water Transit Authority which has not been funded itself.



- Other items- Ms. Conroy stated that the X Games' wakeboarding events will be held on Treasure Island on August 15th and 16th. Ms. Conroy stated that the approximate average daily daytime population is about 4300 people.

Mr. Elberling asked what proportion was children and youth and Ms. Conroy replied that no demographics were available at this time.

5. Authority members' Ongoing Business - There was none.
6. Public Comment -

Ruth Gravanis, Treasure Island Wetlands, commented on the scrambled quality of the July 26 agenda as shown on the Authority's website.

David McGillicuddy, S.F. Board Sailing Association, advocated for board sailing access to Treasure Island.

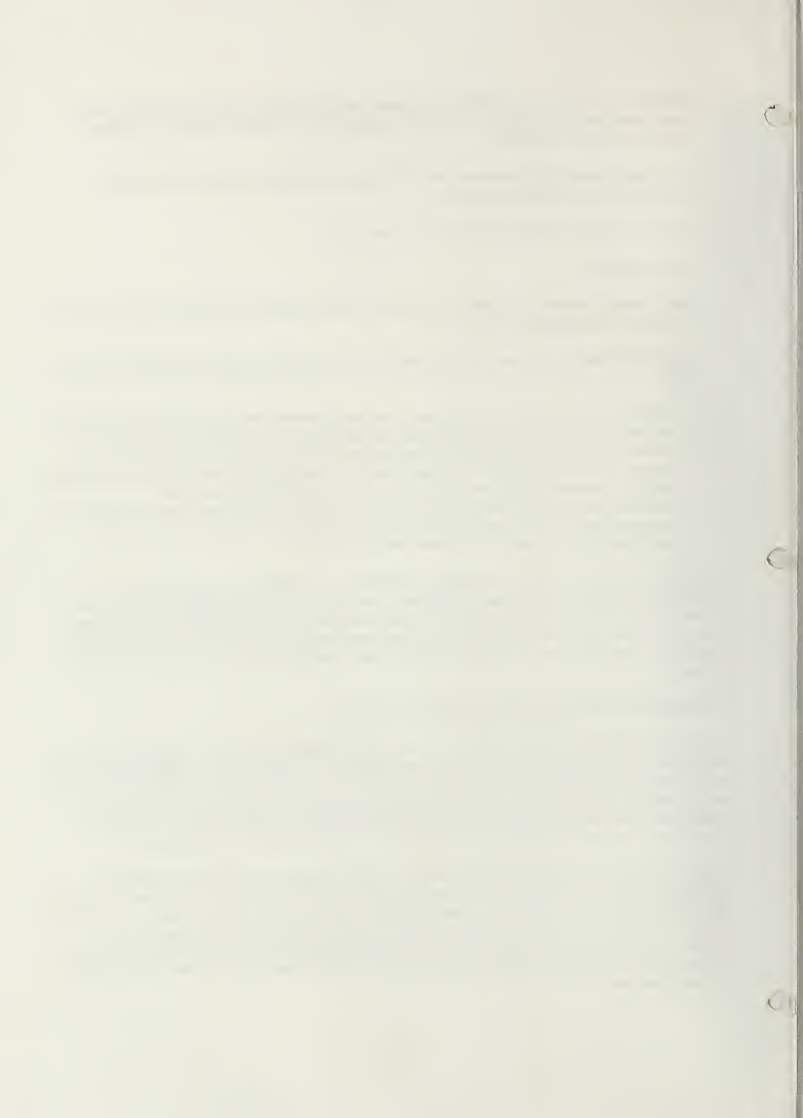
7. Resolution approving and authorizing an amendment between the Authority and TIHDI related to the exchange of Treasure Island Housing units with the John Stewart Company (*Action item*)
8. Resolution approving and authorizing the Executive Director to enter into an amendment to a sublease with the John Stewart Company related to the exchange of Treasure Island housing units with the Treasure Island Homeless Development Initiative (TIHDI) (*Action item*)
9. Resolution approving and authorizing the Executive Director to enter into two new subleases and an amendment to an existing sublease with TIHDI member organizations for the use of an additional 96 housing units on Treasure Island (*Action item*)

The Authority discussed all three of the above items at once. Ms. Halsted recused herself from discussion and voting on items 7 and 8. Mr. Proud, Development Director, stated that the above items would approve and authorize the Executive Director to execute a series of amendments and subleases that would allow TIHDI and the John Stewart Company to implement a trade of units and create/amend subleases for member agencies of TIHDI, granting them an additional 96 units of housing on Treasure Island.

The reasoning for the trades is based on three primary factors:

First, units on Yerba Buena Island (YBI) are costly to rehabilitate and to bring into compliance with applicable codes. By trading YBI units for units on TI, the costs of rehabilitation will decrease for TIHDI and its member organizations. Second, it is possible that a land swap of public trust lands from TI to YBI may be possible. If so, TIHDI may gain additional permanent housing opportunities. Third, certain restrictions on the use of housing under BCDC's Bay Plan limit the Authority's ability to grant longer term housing subleases on YBI. This restriction hinders TIHDI and its member organizations.

These considerations led TIHDI, the John Stewart Company, and the Project Office to negotiate an agreement subject to the approval of the Authority and the Board of Supervisors. The agreement provides that TIHDI would receive 52 units on TI, and the John Stewart Company would gain access to 52 units on YBI and one unit on TI. At the conclusion of the trade, the John Stewart Company would have an inventory of 766 units and TIHDI would have 218 units. Upon termination of the John Stewart sublease with the Authority, TIHDI would receive the 112 units identified in the original sharing agreement plus four additional units.



Mr. Proud stated that in addition to the trade, the Project Office seeks the approval of two new subleases with TIHDI member organizations, Community Housing Partnership and Rubicon and an amendment to the existing Walden House sublease.

In response to Mr. Elberling's question about the length of the John Stewart subleases, Mr. Proud stated that they run concurrent with the existing leases, which have six more years remaining.

Public Comment:

Sherry Williams, TIHDI, indicated her support for the trade and subleases.

Tom Matthews, Rubicon, stated that he was comfortable with the trade and stated that he had received a commitment from the Mayor's Office for rent support.

Wanda Barnes, Walden House, stated that the additional units would permit women to be reunited with their children. The program will be funded by the California Department of Corrections.

Matt Starr, California Housing Partnership (CHP) and TIHDI Board, thanked the John Stewart Company and the Mayor's Office and stated that CHP was ready to move forward.

John Stewart, John Stewart, complimented and thanked all parties.

Mr. Elberling asked if TIHDI was giving up the right to housing on YBI as described in TIHDI's agreement with the City. Deputy City Attorney Michael Cohen replied that TIHDI was not.

For item number 7, Mr. Fazande moved approval and Ms. Po-Rufino seconded. Approved, 5-0.

For item number 8, Mr. Green moved approval, Mr. Morales seconded. Approved, 5-0.

For item number 9, Mr. Morales moved approval, Ms. Po-Rufino seconded. Approved, 6-0.

10. Resolution in support of application to California Integrated Waste Board for \$98,400 for deconstruction grant (*Action item*)

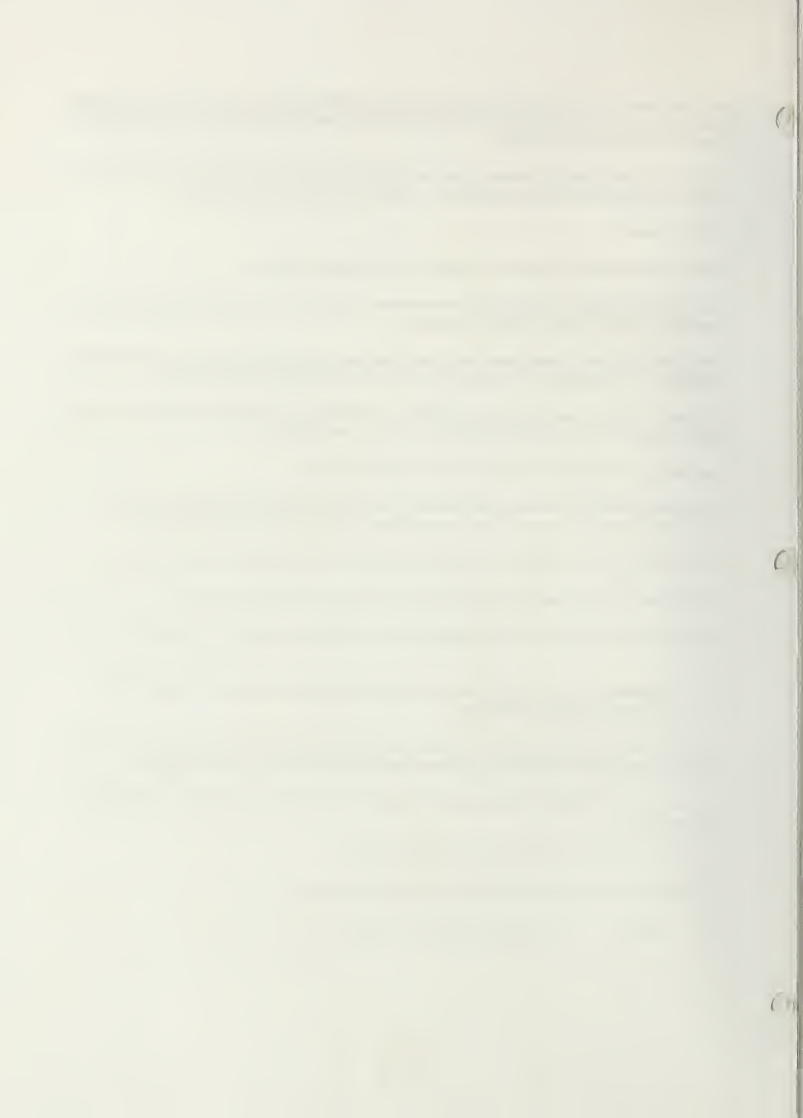
Mr. Robert Mahoney, Deputy Executive Director, described the grant application for deconstruction of Building 40 and listed the advantages of deconstruction as well as benefits for the Authority.

Mr. Bruce Franks, TIHDI, indicated support for the application stating it would enhance TIHDI's job broker program.

Kevin Drew, San Francisco Recyclers, indicated his support.

Mr. Fazande moved approval, Ms. Halsted seconded. Approved, 6-0.

11. Adjourn The meeting adjourned at 1:58 p.m.



**Minutes of Regular Meeting
Treasure Island Development Authority
June 14, 2000**

Call to Order: 1:00 p.m. in Room 400, City Hall

Roll Call: Present: John Elberling, Vice Chair
James Morales (1:25)
William Fazande
Anne Halsted (1:03)
Susan Po-Rufino
Gerald Green
Doug Wong (1:10)

2. Approval of Minutes: With respect to the minutes of May 10, 2000, Ms. Po-Rufino indicated that she had asked Leadership High School Principal Kushner the locations of alternative school sites he was seeking in the City. Mr. Kushner listed four or five sites that were not contained in the May 10th minutes.

The minutes of May 10, 2000 were approved as corrected.

3. Correspondence The Commission Secretary reported that there were no communications.

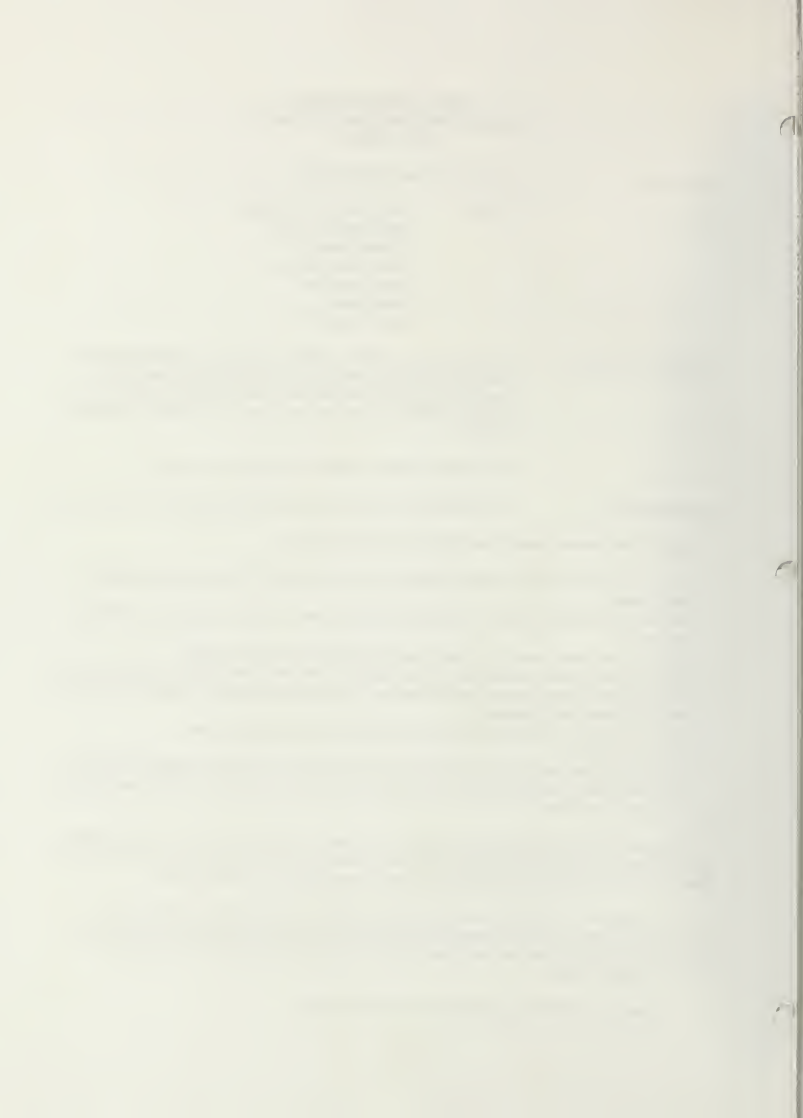
4. Report of the Treasure Island Project Director Annemarie Conroy

- Report on access to Treasure Island including public use last month- Ms. Conroy listed past and future events.
- Status of environmental clean up- Since Martha Walters could not attend, her report was deferred until July.
- Report on short-term leases- Ms. Conroy reported that there were none to report
- Report on San Francisco-Oakland Bay Bridge/Caltrans issues- Ms. Conroy reported that the City was moving forward with the Army Corps of Engineers study on Caltrans' retrofit and assessment of the safety of Caltrans' new east span.
- Report on TIHDI – There has been various meeting on various important issues
- Community issues -
Ms Conroy reported that the Project Office has been working with Ms. Pak on the construction of a convenience store. Muni service has increased, with headways being reduced to 20-minute intervals during some peak hours.

Legislation/hearings affecting Treasure Island- Ms. Conroy stated that Supervisor Leno's resolution urging that the Authority include wetlands in its redevelopment plan had been approved by the Board of Supervisors and that Supervisor Yaki had asked for an annual update on Treasure Island.

Other items- Ms. Conroy also stated that the Project Office had applied for \$2.5 million for a temporary ferry terminal. She also reported that Director of Development, Stephen Proud, sponsored a seminar with NAIAD on land use restrictions with the California Department of Toxic Substance Controls and the US EPA.

5. Authority members' Ongoing Business - There was none.



6. Public Comment - There was none.
7. Resolution amending 2000-2000 TIDA budget by moving \$100,000 from environmental remediation to produce a programmatic EIR (*Action item*)
8. Resolution approving the issuance of an RFP to solicit consulting firms to prepare a programmatic EIR (*Action item*)

These items were considered together by the Authority. Mr. Proud indicated that both items are related to the development of the EIR for the islands. Mr. Proud described the history with the Navy of formulation of environmental documentation for the project and the necessity to satisfy both NEPA and CEQA. Since the Navy has been reluctant formulate an document that will satisfy CEQA requirements, the Project staff recommends that a programmatic EIR be completed for the purposes of conveyance. Proposals for actual development will require subsequent environmental review.

The proposed actions would authorize the use of approximately \$130,000 for the purposes of preparing a programmatic EIR. The funds are currently on reserve for environmental monitoring purposes. However, the Authority will not expend those funds this fiscal year and the Authority's authorization is needed to transfer use of the funds for the development of a programmatic EIR. Item #11 enables the issuance of an RFP soliciting firms to prepare an EIR.

In accordance with the schedule in the staff summary, Mr. Green asked if the end of the year is a realistic date for initiation of the document and remarked that the schedule is aggressive.

Hilary Gitelman, the City's Environmental review Officer, stated that the proposed process gives the City flexibility on how to proceed. The Project Office is anxious to proceed as quickly as possible (by the end of this year) and the Navy's decision as to whether it will alter it DEIS will heavily influence how the Authority proceeds.

Ms. Halsted moved approval of item #7 with Mr. Fazande seconding the motion. Approved, 6-0.
Mr. Fazande moved approval of item #8 with Ms. Halsted seconding the motion. Approved, 6-0.

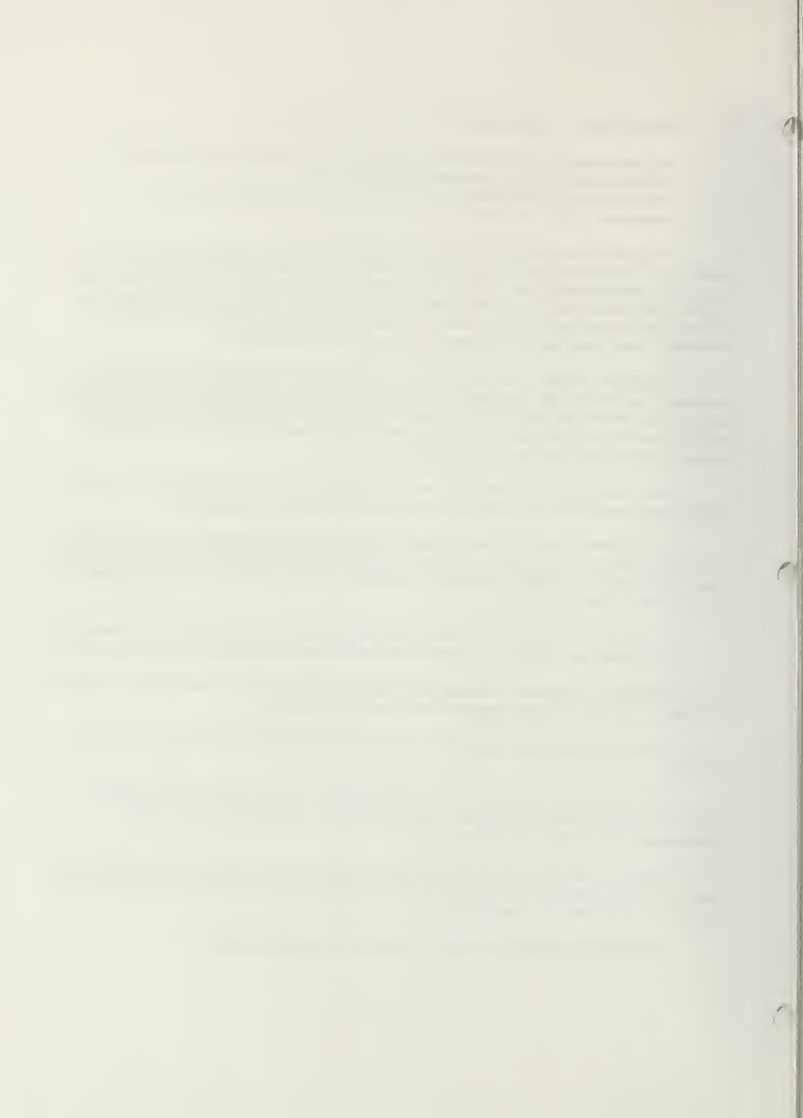
9. Resolution in support of application for \$208,000 to the Metropolitan Transportation Commission for funds to construct a temporary water taxi/ferry terminal (*Action item*)

Ms. Conroy stated that Project Office staff had been busy applying for and obtaining grants for the island.

Director of Special Projects and Commission Secretary, Joan Rummelsburg, explained the derivation of the grant funds and Treasure Island's mention in the Metropolitan Transportation Commission's (MTC) 1999 Ferry Update.

Director of Port Operations Marianne Conarroe discussed how the proposed funds would be used and MTC's decision process. The funds will be used to purchase, transport and install an ADA accessible gangway as well as safety and security features.

Ms. Halsted moved approval with Mr. Green seconding. Approved, 6-0.



10. Resolution authorizing amendment to rent schedule for unoccupied residential units of John Stewart Company (*Action item*)

Mr. Elberling recused himself from consideration of the item, moved into the audience and Mr. Green became chair pro-tem. Mr. Proud discussed the history of the project. He stated that the Authority approved the Development, Marketing and Property Management Agreement with the John Stewart Company (JSC) in March 1999 which included a complete schedule of rents. Under the agreement, any changes to the approved rent schedule requires the approval of the Authority, expect that the Executive Director may approve increases or decreases to the rental schedule of no more than 10%. To date, JSC obtained two increases of 4.9% and 5% which applied only to units that were unoccupied and for which a rent had not been quoted to prospective tenants.

The subject of JSC's most recent request is a request for a 10% increase which would apply to currently vacant units and to units which will become vacant as residents move out.

Mr. Proud stated that staff is recommending approval for several reasons. First, subsequent to the Authority's approval of the rent schedule, JSC agreed to the Authority's recommendation of limiting rent increases to that of the City's rent ordinance, Second, Despite the Navy's best efforts, the Navy has been unable to deliver all the units covered by its lease to the JSC. Finally, given the strength of the rental market, the current leased units are below market for rentals.

Ms. Halsted recused herself and left the dais.

Ms. Conroy stated that the JSC has been incredibly flexible with environmental clean-up issues and that the rentals were below market rates, especially considering the lack of a convenience store.

Mr. Fazande asked if the units will be ready by the end of the year and Mr. Proud responded that most likely they would.

Ms. Conroy stated that the Authority receives 97 cents from each dollar of profit.

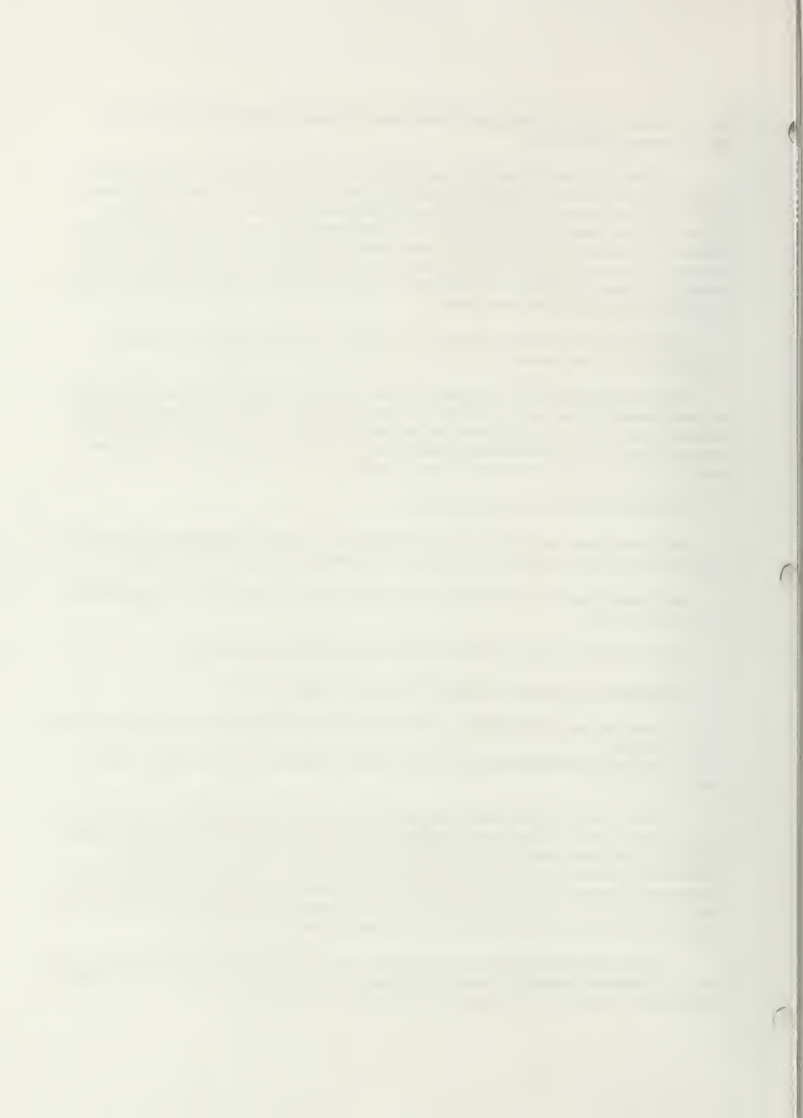
Mr. Fazande moved approval, and Mr. Wong seconded. Approved, 5-0.

11. Resolution approving submission of EDC (Economic Development Conveyance) to United States Navy (*Action item*)

12. Resolution approving issuance of RFQ for primary developer for Treasure and Yerba Buena Islands (*Action item*)

Items 11 and 12 were considered together by the Authority. Development Director, Mr. Proud discussed the background of both items, including the purpose and function of the EDC. Mr. Proud stated that the EDC application meets both the guidelines and requirements set forth in the Base Reuse Implementation Manual (BRIM) and the policy guidance put forth by the Department of Defense. He stated that an Illustrative Land Use Plan, part of the EDC, serves as a framework to evaluate the financial feasibility of the project and the number of jobs that can be generated by redevelopment of the base. It is a theoretical model with the ultimate nature of reuse developed through real market interest.

Mr. Proud stated that the EDC application serves as the Authority's offer sheet to the Navy - the terms under which the Authority will acquire the property. He stated that the Project Office is seeking to consummate conveyance of the property from the Navy as soon as possible.



Mr. Proud stated that the RFQ encompasses two main principles - maximum flexibility and the understanding that long-term development of the island can best be achieved by soliciting developer interest concurrent with the EDC process. The RFQ focuses on soliciting developers who have the experience and resources to develop the islands. The RFQ seeks from respondents a preliminary development concept. After responses are received, a short list of developers will be formulated and an RFP will be issued refining a development concept.

Ms. Halsted commented that the EDC and RFQ look excellent and that we the Authority members have been prepared for these documents previously.

Mr. Elberling inquired about the rate of return and Mr. Proud responded that the rate of return on the illustrative land use plan is 12%.

Deputy City Attorney Cohen added that 12% may not be high enough and that the RFQ may permit rearranging the housing in conformance to the Tidelands Trust to increase the rate of return on the project.

Mr. Elberling asked if the proposal covers the Authority's costs and Mr. Proud responded affirmatively. Mr. Elberling asked if the Authority will obtain additional funds on the back end and Mr. Proud responded that present analysis does not include participation by the Authority in project proceeds. However, if the project performs better than expected, the Authority may realize proceeds on the backend.

Public Comment:

Ruth Gravanis remarked about the nomenclature regarding Treasure Island used in both documents. Ms. Gravanis indicated several places in both documents relating to the need for sustainability, protection of natural resources, the City's transit first policy and the inclusion of citizen participation in planning.

Sherry Williams, TIHDI, stated that the RFQ fairly addressed TIHDI and the reuse plan. She indicated TIHDI's desire to participate in the planning process.

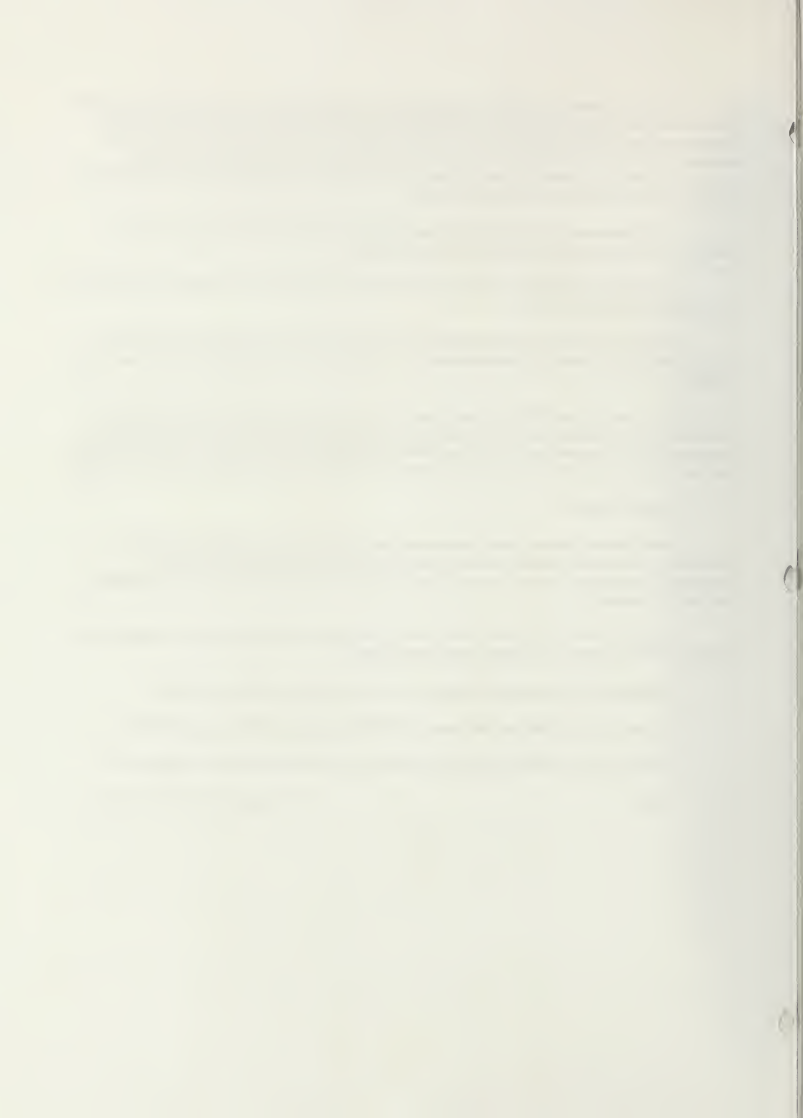
Rich Marshall, Cushman and Wakefield, inquired about the availability of the RFQ.

For item 11, Mr. Morales moved approval with Mr. Fazande seconding. Approved, 7-0.

For item #12, Mr. Wong moved approval with Ms. Po-Rufino seconding. Approved, 7-0.

13. Adjourn

The meeting adjourned at 1:47 p.m.



**Minutes of Special Meeting
Treasure Island Development Authority
April 25, 2000**

Call to Order: 9:06 a.m. in Room 400, City Hall

Roll Call: Present: John Elberling, Vice Chair
James Morales (9:10)
William Fazande
Anne Halsted
Susan Po-Rufino
Doug Wong

Excused: Gerald Green

2. Public Comment – There was none

3. Resolution approving submission of budget for Treasure Island Development Authority for FY2000/2001 (*Action item*)

Ms. Conroy reviewed the highlights of the budget with Authority members including a summary of revenues and expenses. She indicated that the Authority is seeking two new positions to support Project Office operations. Ms. Conroy summarized current negotiations with other City departments to provide services on TI.

Ms. Halsted inquired about the anticipated reduction in revenue from special event venues and Ms. Conroy responded that several of the venues were not in seismically up to code and that revenue estimates were conservative.

Mr. Elberling asked how close the actual budget for 1999-2000 was to the projected one approved by the Authority last year. Finance Director Eila Arbuckle responded that the total was very close but that a shift had occurred in the cost centers.

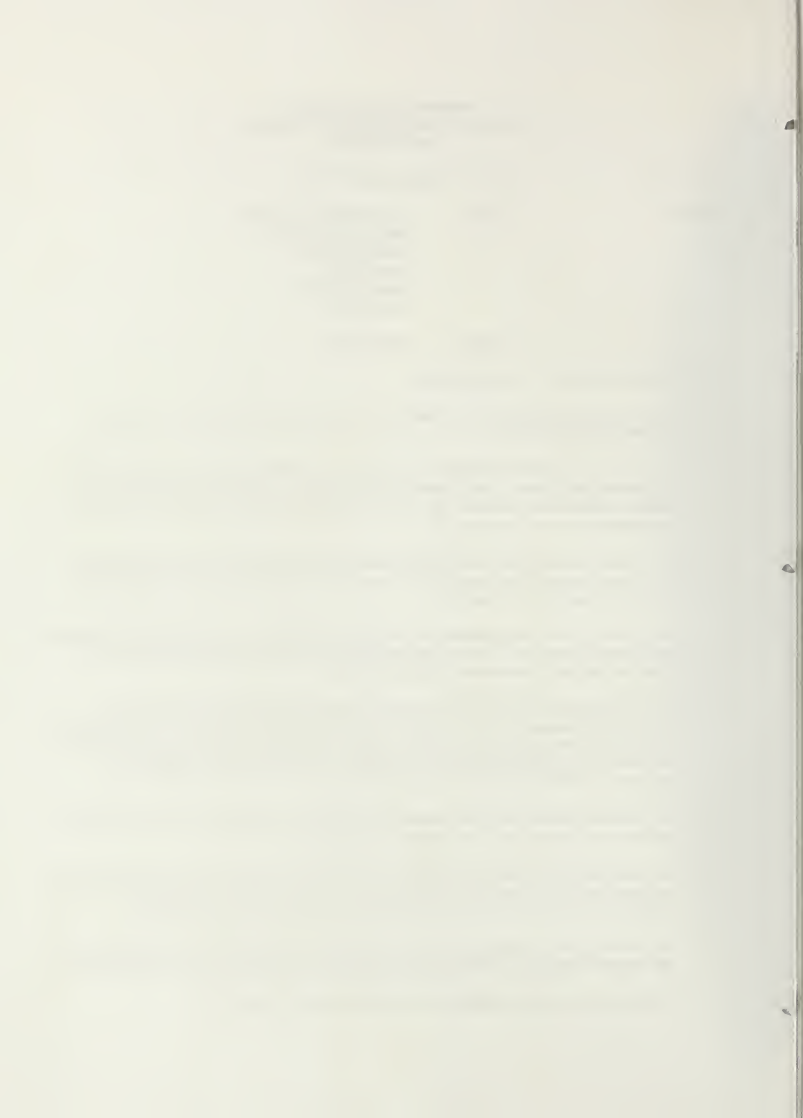
Mr. Elberling asked about the cost of providing police and fire protection and Ms. Conroy responded that because TI is a redevelopment area, such services should be provided without cost to the Development Authority. In addition, payment by TIDA will affect conveyance the City may have to pay in the EDC process with the Navy. Thus, the Project Office has been negotiating with the Mayor's Office to resolve the issue.

Mr. Elberling inquired how much possessory interest tax is generated on TI. Ms. Conroy stated that she would respond when she obtained such information.

Mr. Elberling asked if TIDA will obtain rent from the Police Academy and the Brig. Ms. Conroy responded that she had been informed by the Mayor's Office that there are no funds to finance the Sheriff's rental of the Brig. She is contacting other jurisdictions to ascertain interest.

Mr. Elberling inquired about the justification for additional staff and Ms. Conroy responded that the Project Office needed additional staff for administrative support and for its leasing program.

Ms. Halsted moved approval and Ms. Po-Rufino seconded. Approved, 6-0.



4. POSSIBLE CLOSED SESSION

There was no public comment items relating to either closed session
Authority members voted 6-0 to hold a closed session to confer with legal counsel.

5. CLOSED SESSION - 1 items (Discussion)

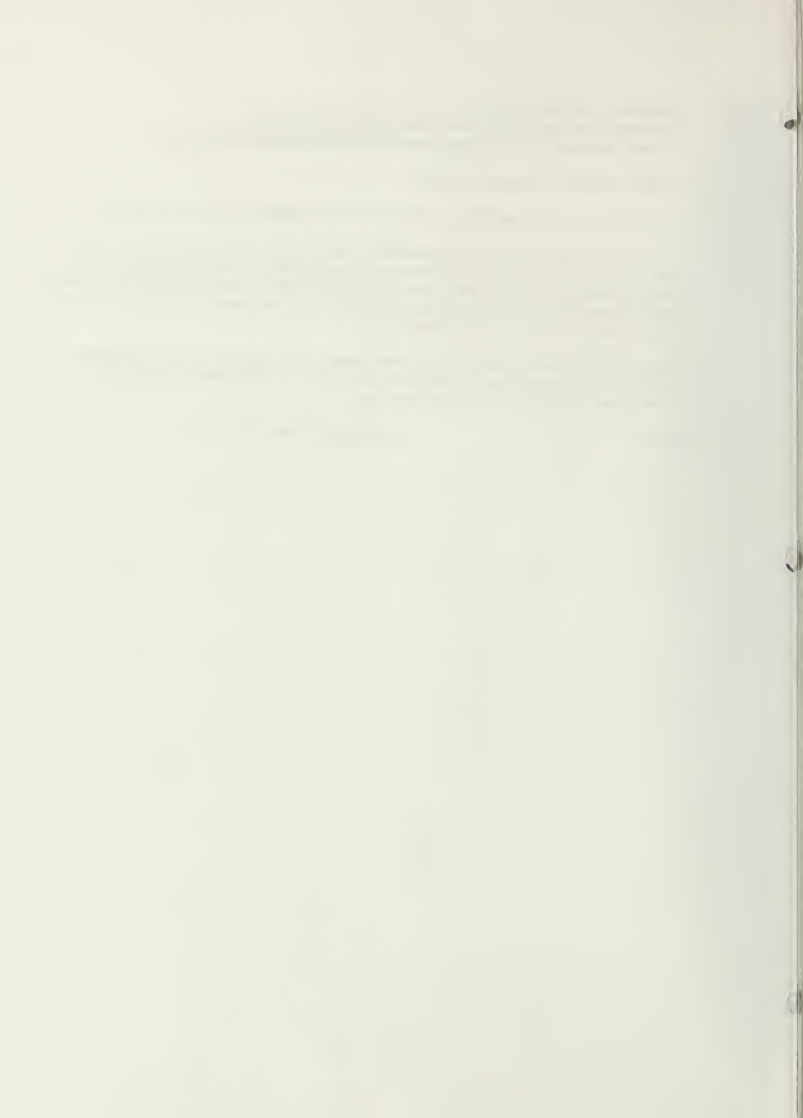
The Authority met in closed session to discuss one item relating to real estate negotiations.

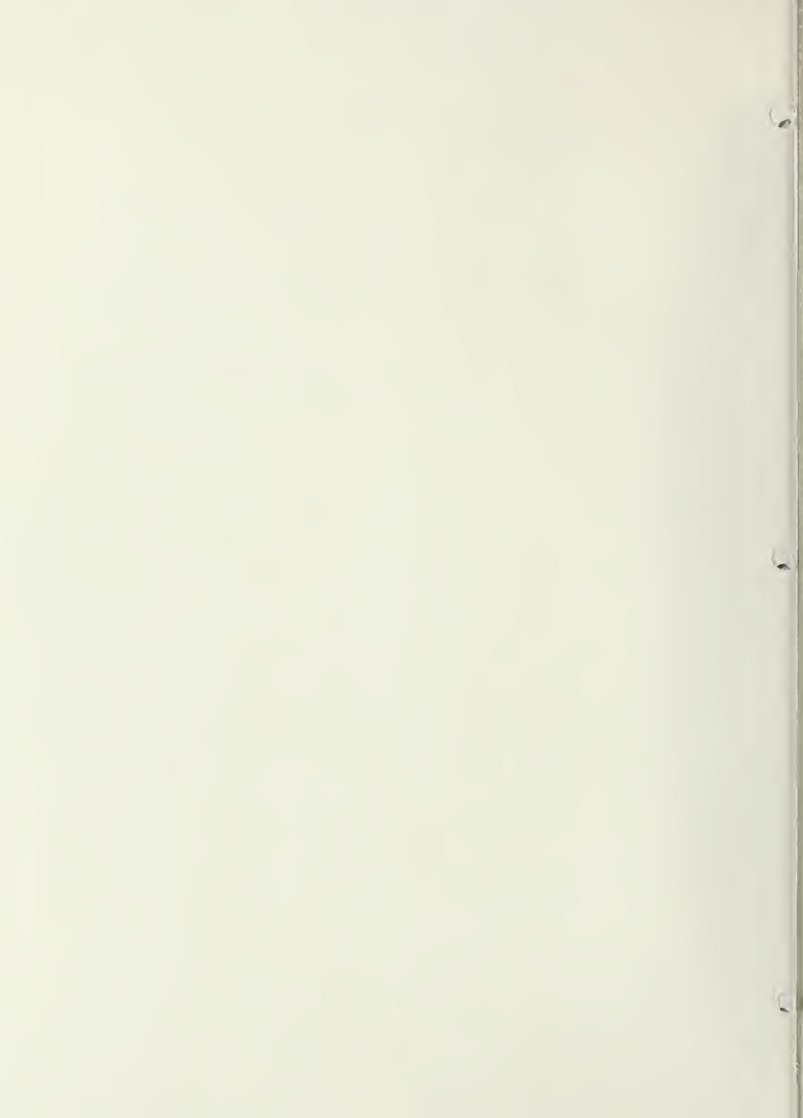
Authority members present at the closed session were six of seven Authority members as stated above with Mr. Green excused. Staff members present included Annemarie Conroy (Executive Director), Robert Mahoney (Deputy Executive Director), Stephen Proud (Development Director), Joan Rummelsburg (Commission Secretary), Daniel Wong (Development Specialist) and Deputy City Attorneys Donnell Choy and Michael Cohen.

Discussion and vote on whether to disclose action taken or discussions held in Closed Session. Motion that the Treasure Island Development Authority elects at this time not to disclose its closed session deliberations. Passed unanimously.

6. Adjourn

The meeting adjourned at 11:15 a.m.









[Supporting Treasure Island Wetlands Creation]

SUPPORTING THE CREATION OF WETLANDS ON TREASURE ISLAND AND URGING THE INCORPORATION OF THE WETLANDS CREATION CONCEPT INTO ANY REQUESTS FOR QUALIFICATIONS FOR A MASTER DEVELOPER, THE ENVIRONMENTAL IMPACT STATEMENT/REPORT, AND REDEVELOPMENT PLAN FOR TREASURE ISLAND AND YERBA BUENA ISLAND.

WHEREAS, "The Sustainability Plan for the City of San Francisco," as adopted by the Board of Supervisors of the City and County of San Francisco in 1997, calls for preserving and restoring the region's biodiversity; and,

WHEREAS, Treasure Island was constructed of fill, reducing the surface of San Francisco Bay by 403 acres and displacing a large area of benthic and aquatic habitat; and,

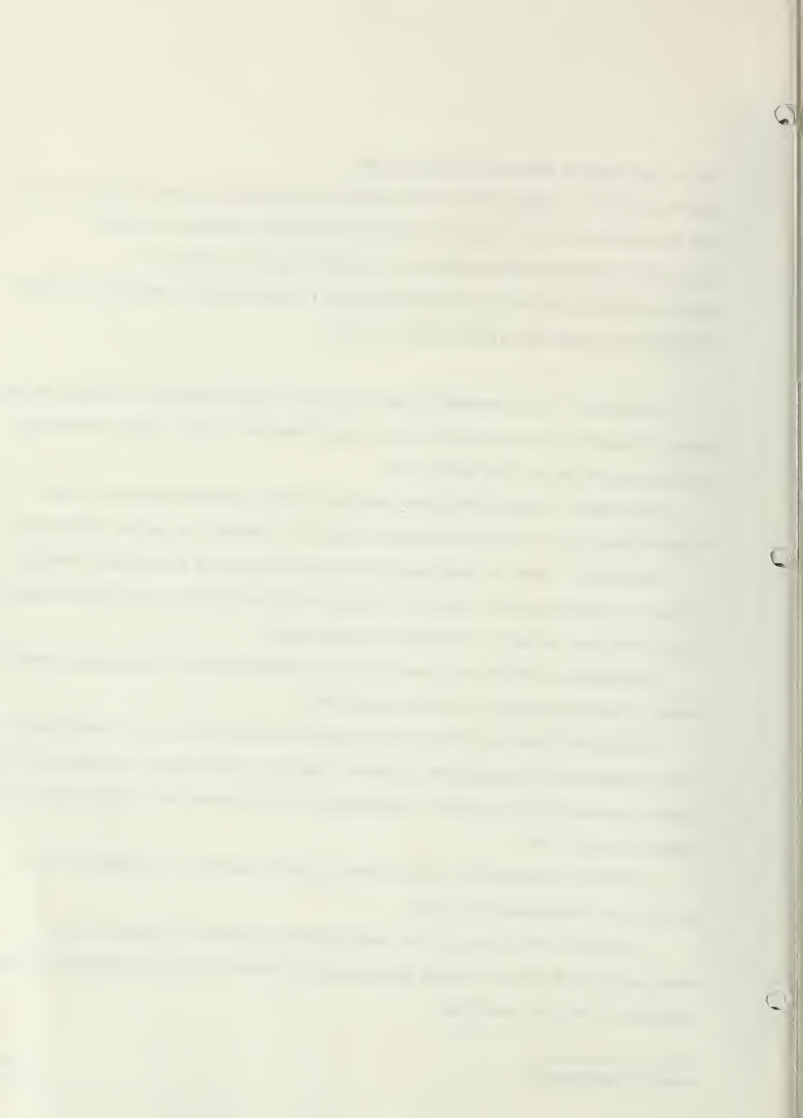
WHEREAS, Treasure Island's stormwater runoff is currently discharged to the Bay untreated, contributing to the pollution of the Bay, and future regulatory requirements may no longer permit the discharge of untreated stormwater; and,

WHEREAS, Wetlands are proven to be a cost-effective and environmentally beneficial method of treating stormwater and wastewater; and,

WHEREAS, More than 500 wetlands in Europe and more than 200 in North America remove pollutants by a combination of physical, chemical, and biological processes including filtration, sedimentation, adsorption, volatilization, microbial decomposition, precipitation, and vegetative uptake; and,

WHEREAS, Wetlands not only provide habitat for wildlife but also attract tourists, students, and recreational users; and,

WHEREAS, Preliminary studies commissioned specifically by Treasure Island demonstrate that it appears feasible and desirable to site both treatment wetlands and tidal wetlands on Treasure Island; and,



WHEREAS, In July, 1999, the Treasure Island Development Authority and the San Francisco City Planning Commission endorsed Preliminary Plan Guidelines which include: "Pursue wetlands as a means of treating stormwater runoff" and "Maintain and improve the quality of Treasure Island's natural environment, including, to the extent feasible, the development of wetlands"; and,

WHEREAS, Numerous potential funding sources for wetlands creation and management exist which might not otherwise be available for Treasure Island; and,

WHEREAS, The wetlands system would serve not only as an outdoor classroom for students throughout the Bay Area but also as a major recreational and educational attraction for the general public, both locally and internationally; and,

WHEREAS, The creation and operation of a wetlands and interpretive center will provide job training and employment opportunities in a variety of fields; and,

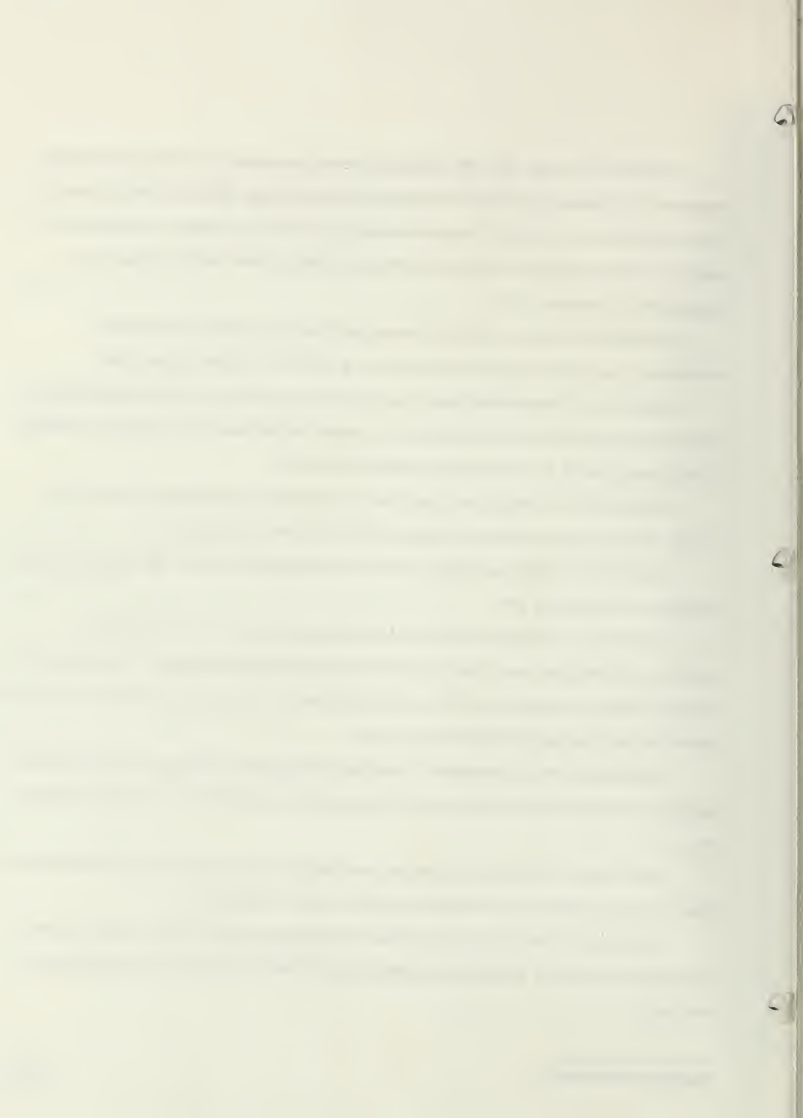
WHEREAS, Wildlife watching is one of the most popular and quickly growing forms of recreation in the country; and,

WHEREAS, Wetlands on Treasure Island would serve as a visitor attraction, consistent with the goals and objectives of the Draft Base Reuse Plan, and contribute to the economic vitality of Treasure Island by taking advantage of the growing ecotourism industry, a market largely untapped in San Francisco; and,

WHEREAS, Treatment wetlands would provide seasonal wetland values essential to migratory shorebirds and waterfowl, given Treasure Island's position on the Pacific Flyway; and,

WHEREAS, The Board of Supervisors is responsible for approving the Redevelopment Plan for Treasure Island and Yerba Buena Island; now, therefore, be it

RESOLVED, That the Board of Supervisors of the City and County of San Francisco supports the creation of a wetlands habitat of approximately 40 acres on Treasure Island; and, be it



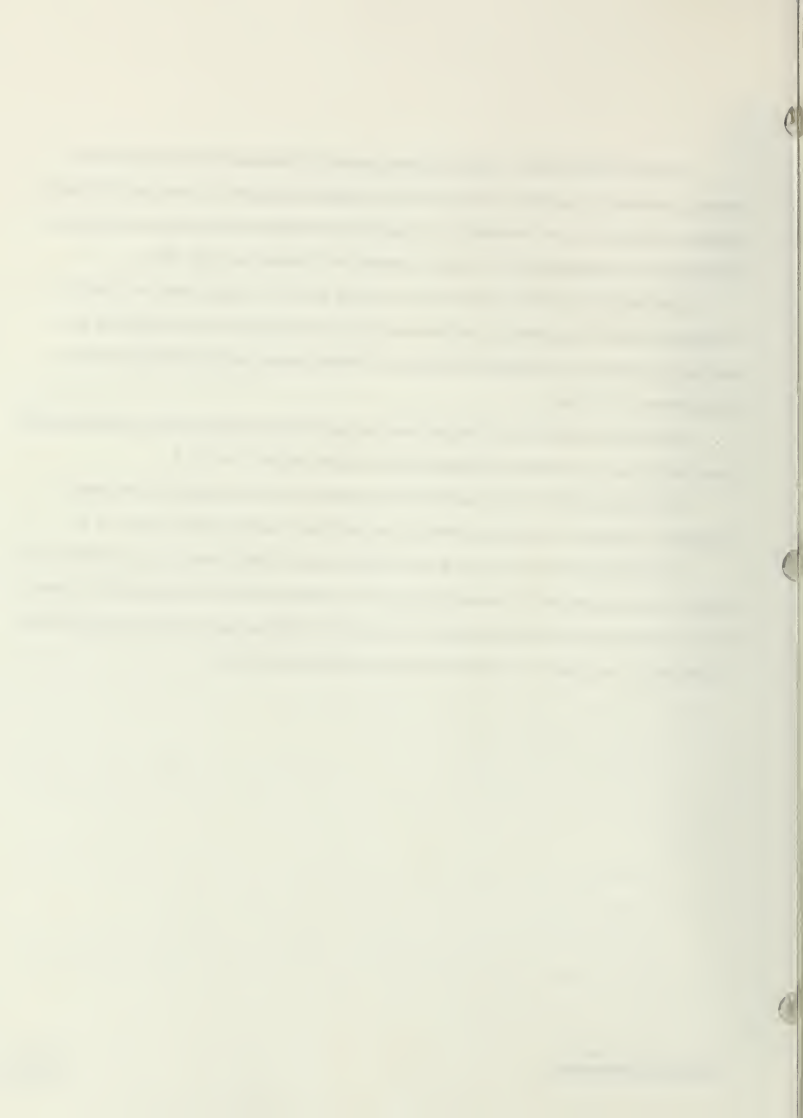
FURTHER RESOLVED, That the Board urges the Treasure Island Development Authority to specify a wetlands component in the project description and request information regarding the respondents' experience and expertise in wetland design and construction in the Request for Qualifications for a master developer or developers; and, be it

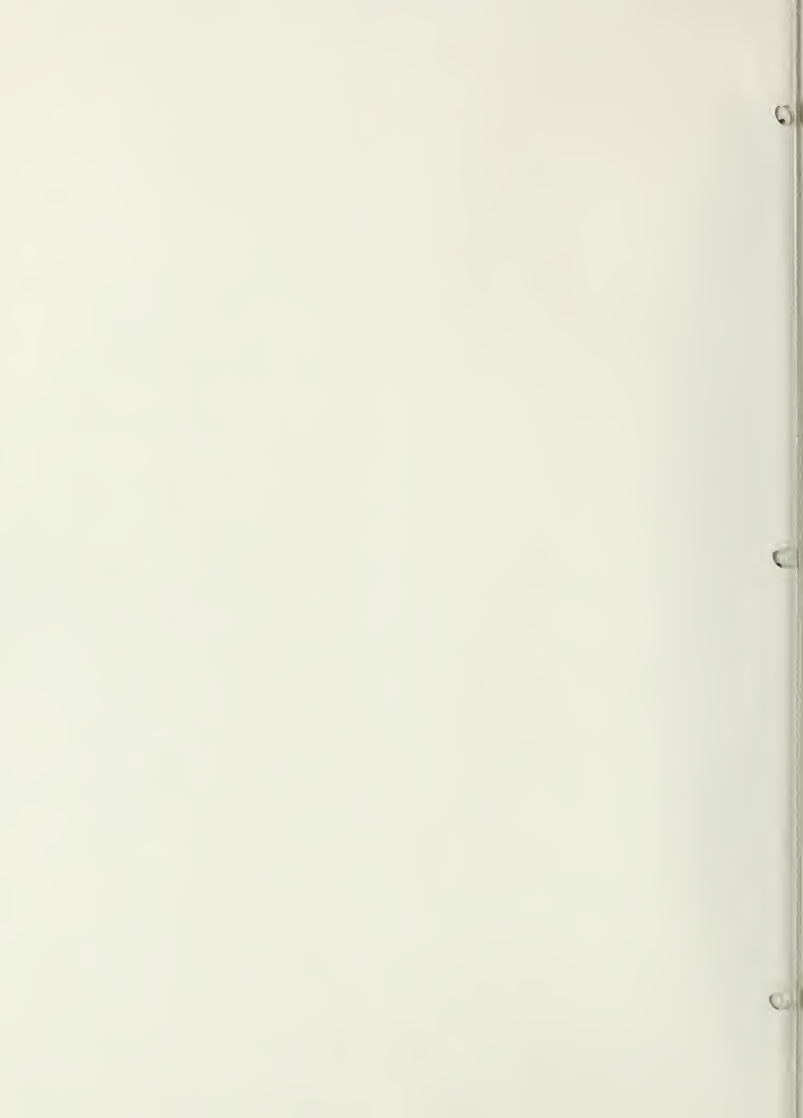
FURTHER RESOLVED, That the Board urges the United States Navy and the San Francisco Planning Department to include a wetlands component of meaningful size and function in at least one alternative in the Environmental Impact Statement/Environmental Impact Report; and, be it

FURTHER RESOLVED, That the Board urges the United States Navy to clean up the future wetlands site to standards appropriate for wildlife habitat; and, be it

FURTHER RESOLVED, That the Board urges the Treasure Island Development Authority to include the wetlands concept in the Draft Redevelopment Plan; and, be it

FURTHER RESOLVED, That a copy of this resolution be forwarded to his Honor, the Mayor, with a request that he transmit copies to the Treasure Island Development Authority, the San Francisco Planning Department, and the United States Navy with a request that they take all action necessary to achieve the objectives of this resolution.







TREASURE ISLAND DEVELOPEMNT AUTHORITY
City and County of San Francisco

Agenda Item No. 7

September 13, 2000

Subject: Resolution authorizing the Authority to extend the term of three Master Leases (South Waterfront, Marina and Special Events) with the United States Navy.

Staff Contact: London Breed, Development Specialist 274-0665

SUMMARY OF PROPOSED ACTION

Staff requests the Authority to adopt a resolution to extend the South Waterfront, Marina and Special Events Master Leases with the United States Navy for an additional two-year term.

DICUSSION

On September 4, 1998, the Treasure Island Development Authority entered into lease agreements with the United States Navy for the Marina Master Lease, (Lease #N6247498RP00Q01), the Event Venues Master Lease, (Leases # N6247498RP00Q03), the South Waterfront Lease, (Lease #N6247498RP00P99).

The Marina Master Lease premises generally consist of the Treasure Island Marina, Pier 2, Buildings 496 and 298. Revenues are generated from boat slip rental fees at the Marina and Pier 2. Building 496 is used as the administrative office for the Marina and Building 298 is currently leased to Delancey Street Foundation.

The premises for the Event Venues Master Lease generally consist of Casa de la Vista, the Fog Watch, Nimitz Conference Center, The Admiral Nimitz House, the Library, the Little League Baseball Field and the Torpedo Factory. These facilities are primarily used for weddings, small parties and meetings to generate income for the Authority.

The South Waterfront Master Lease generally consists of the southern portion of Treasure Island, including Buildings 1, 2, 3, and 180. Building 1 is the administrative Building for the Project Office as wells as TIHDI, the John Stewart Company, the SFPD, PUC, DPW, etc. Buildings 2 and 3 are used for special events and the Film Industry which generates income for the Authority.

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1857.

All three Master Leases were executed for a two-year term, from September 4, 1998 to September 3, 2000.

RECOMMENDATION

Staff recommends approval for the Authority to extend the term of the three master leases for an additional two-year term.

EXHIBITS

- A - Map of Leased Premises for the Marina Master Lease
- B - Map of Leased Premises for the Event Venues Master Lease
- C - Map of Leased Premises for the South Waterfront Lease

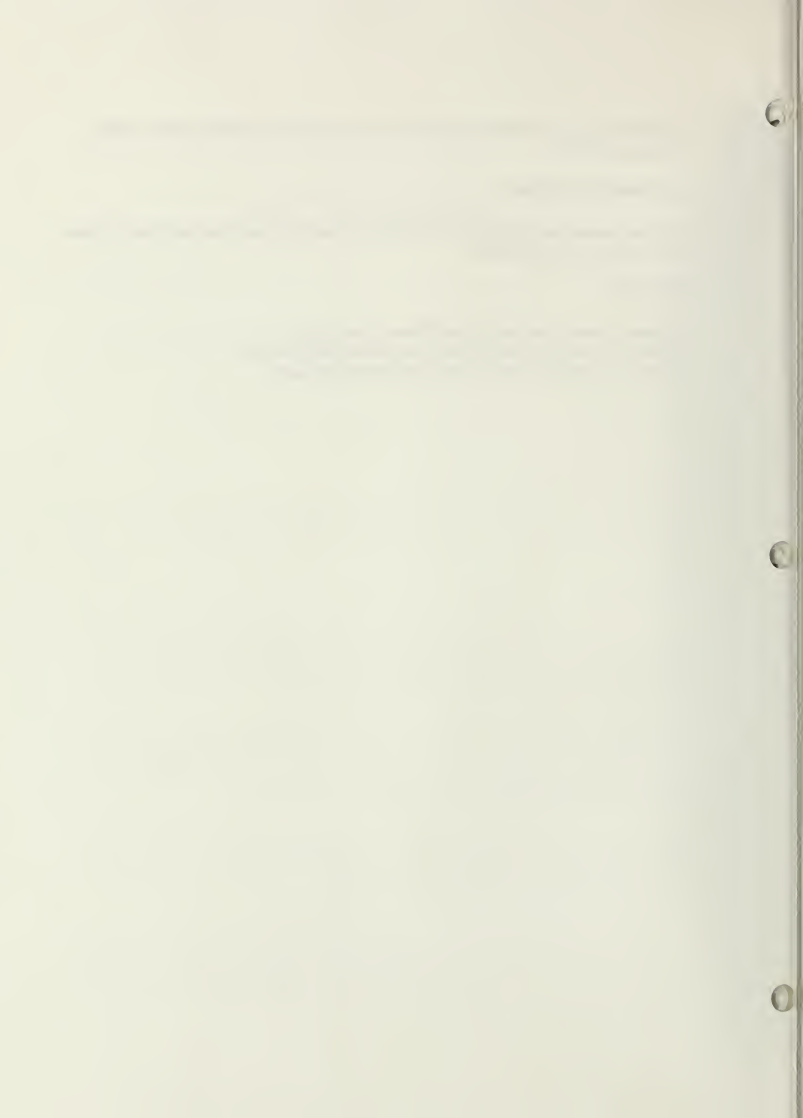
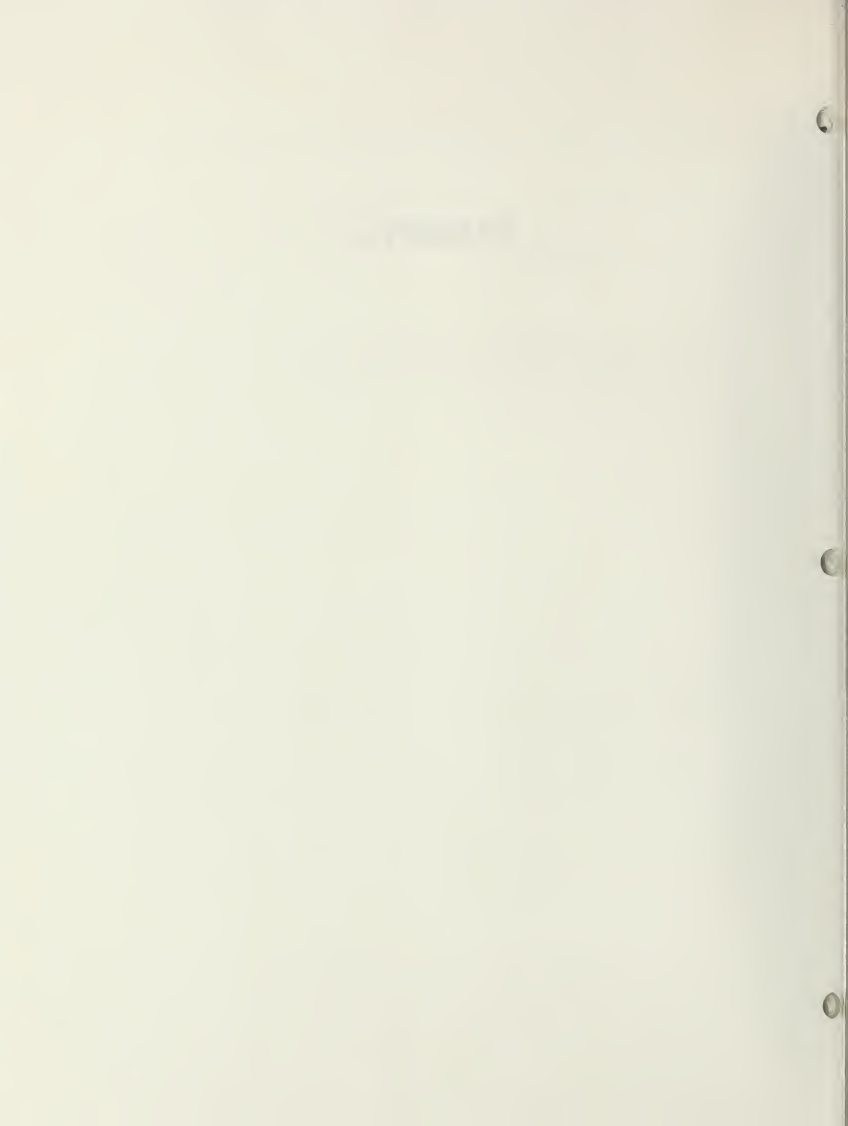


EXHIBIT A

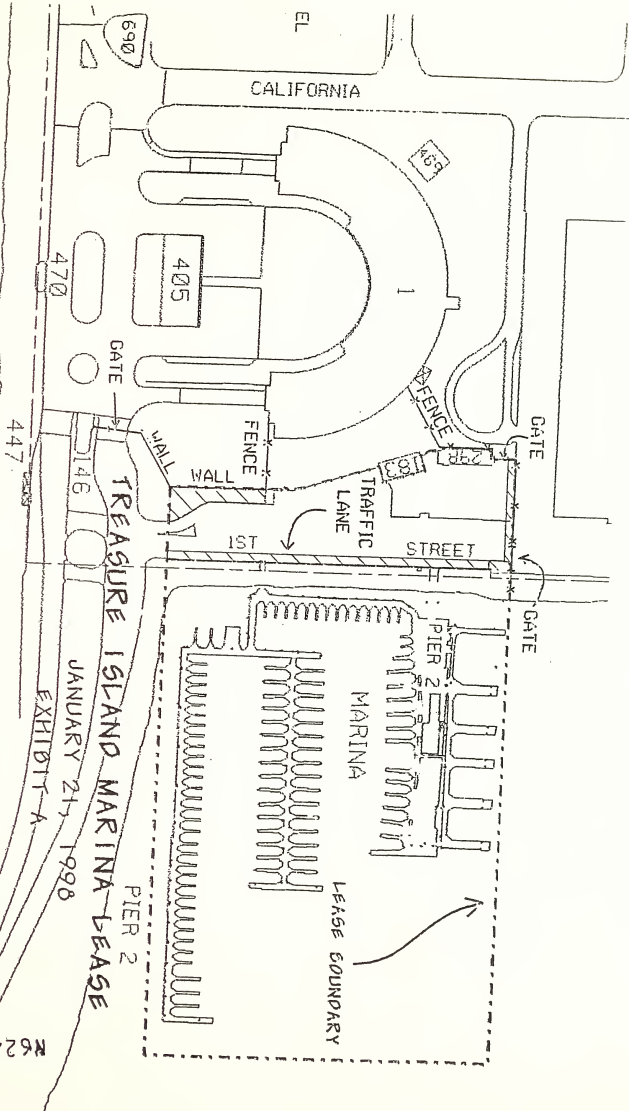


APPROXIMATE SCALE IN FEET



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N6247498RPO0001



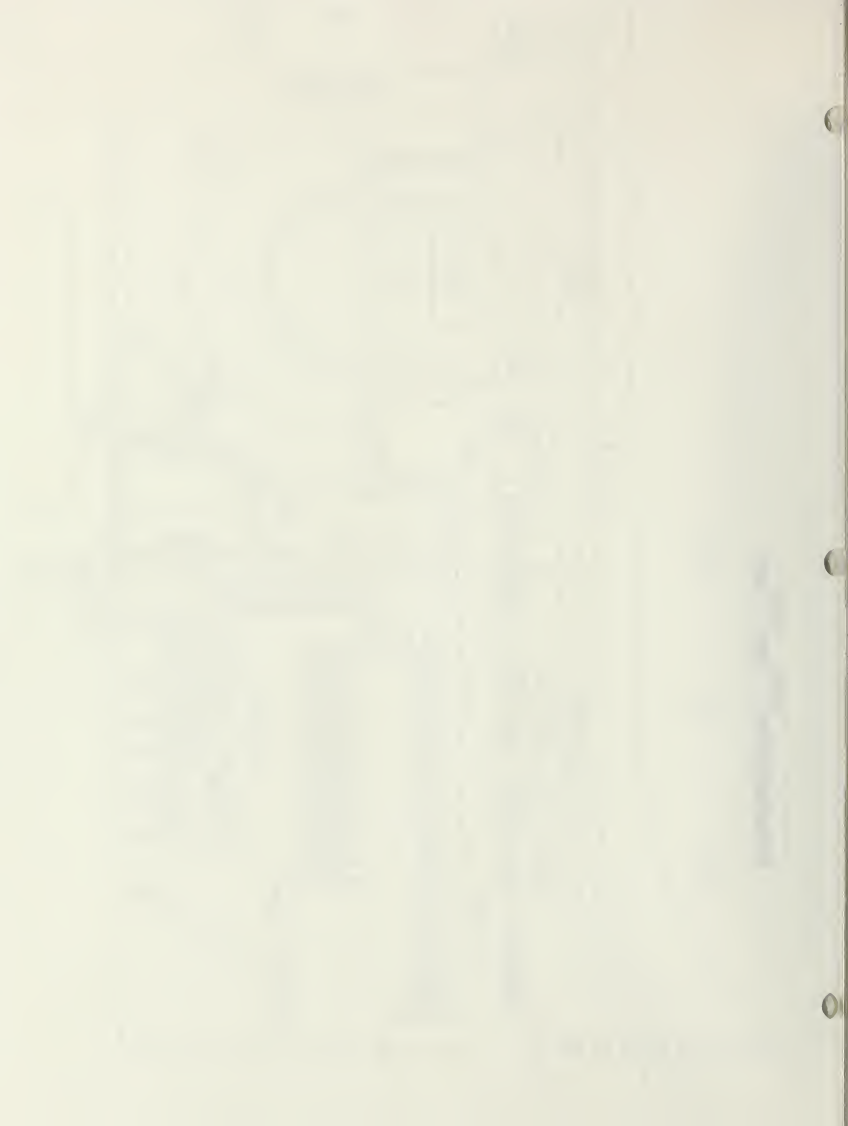
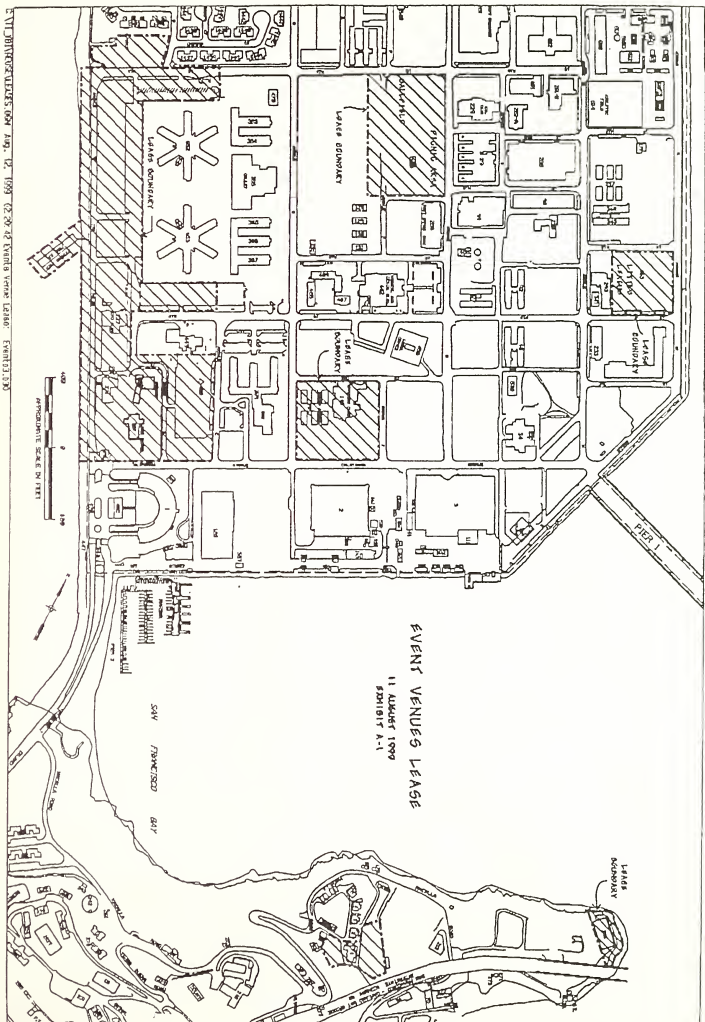
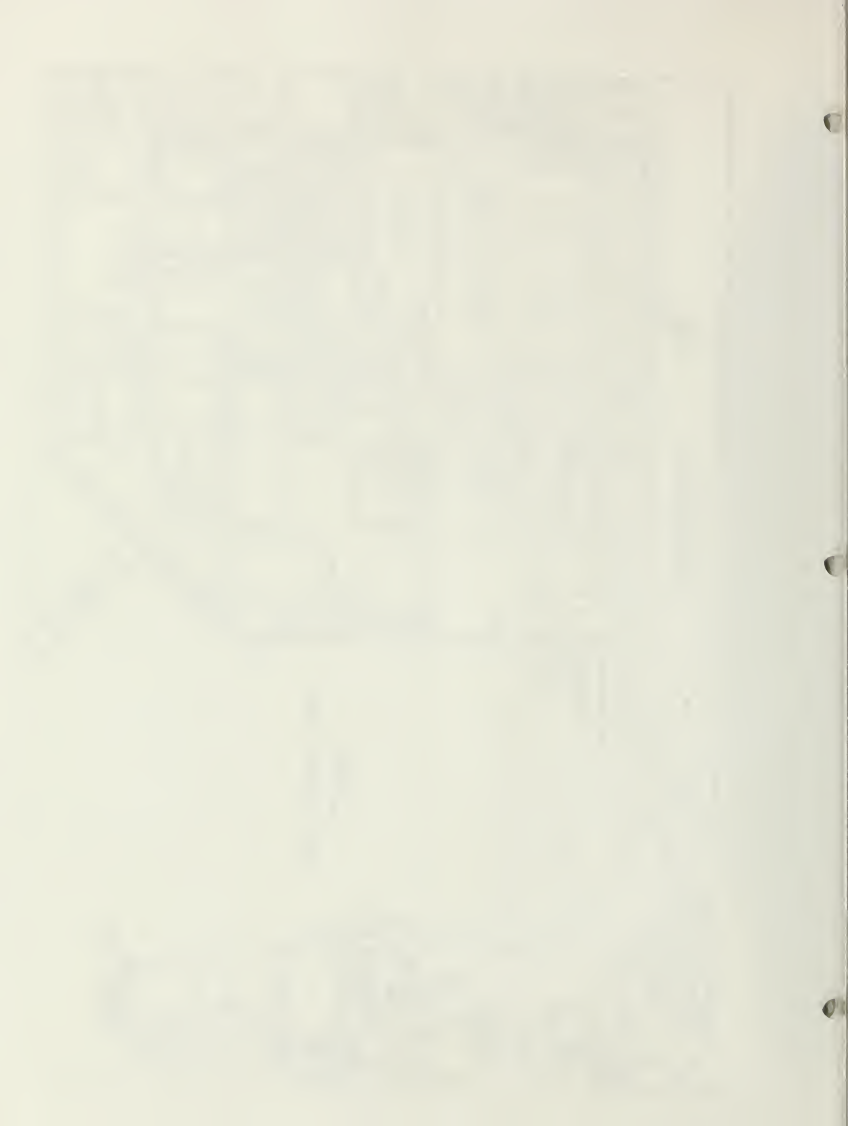
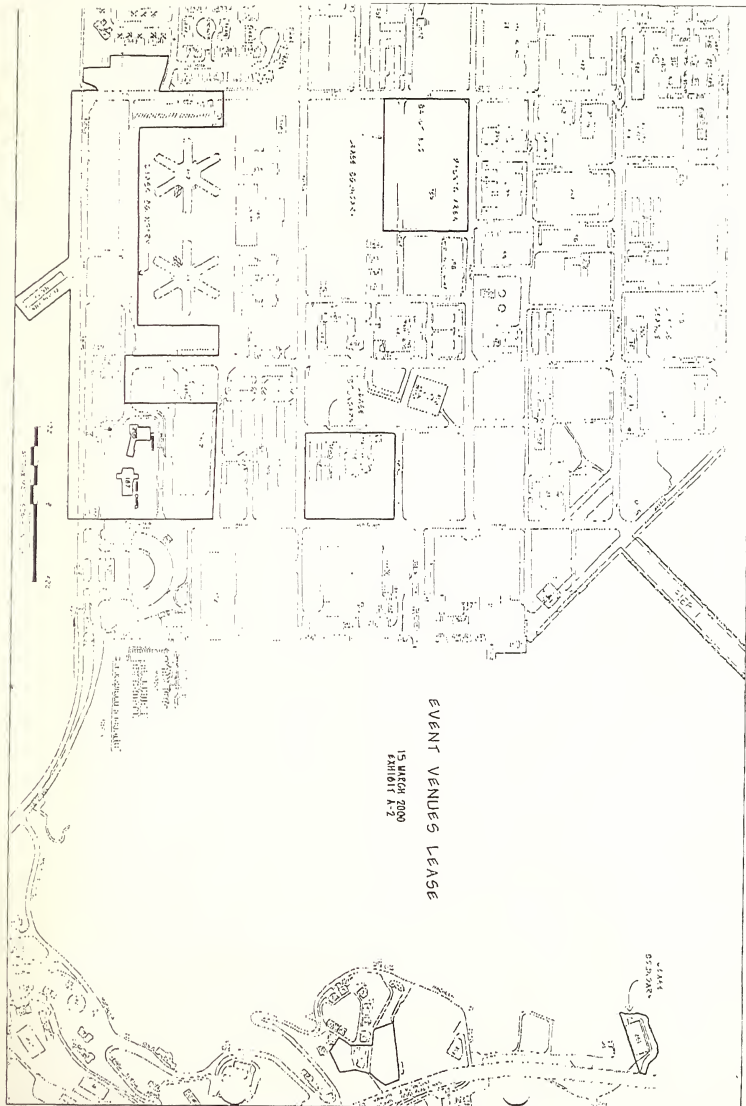


EXHIBIT B









EVENT VENUES LEASE

15 MARCH 2000
EXHIBIT A-2

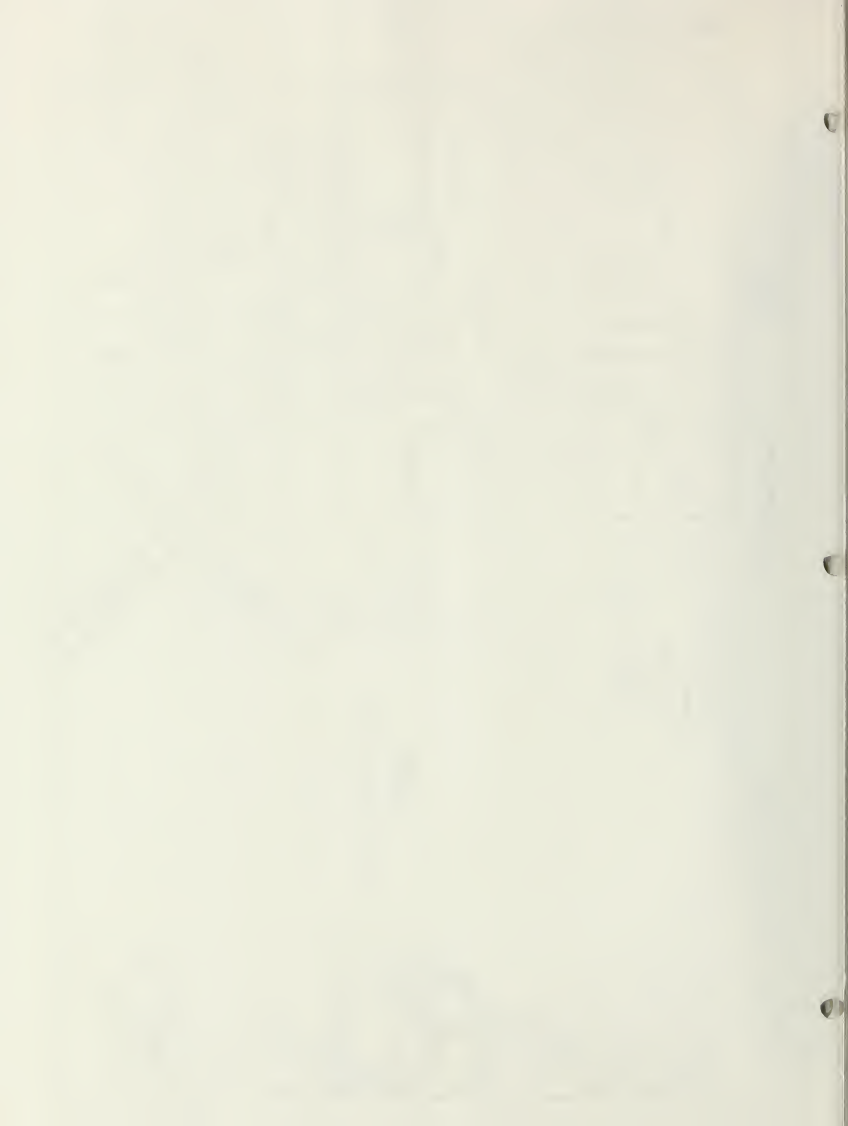
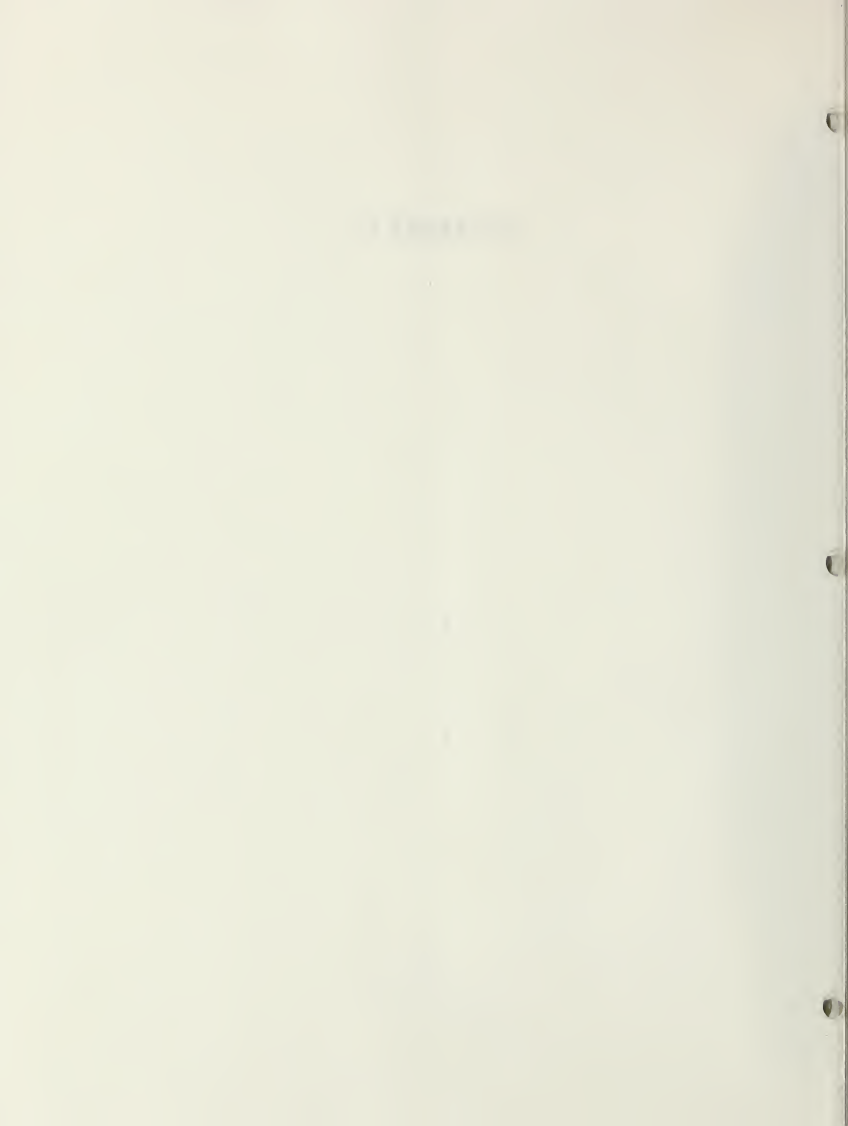


EXHIBIT C



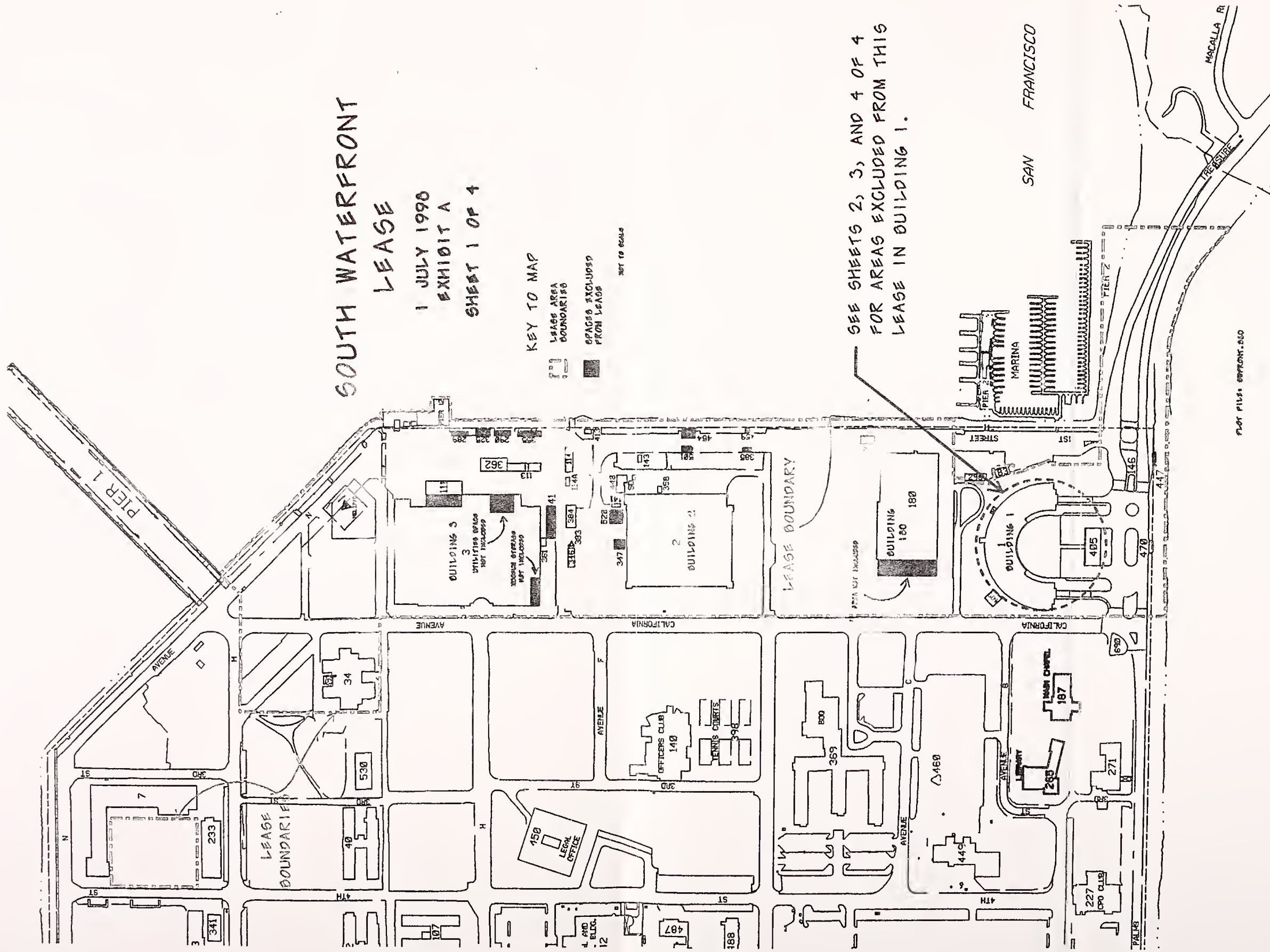
1 JULY 1996
EXHIBIT A
SHEET 1 OF 4

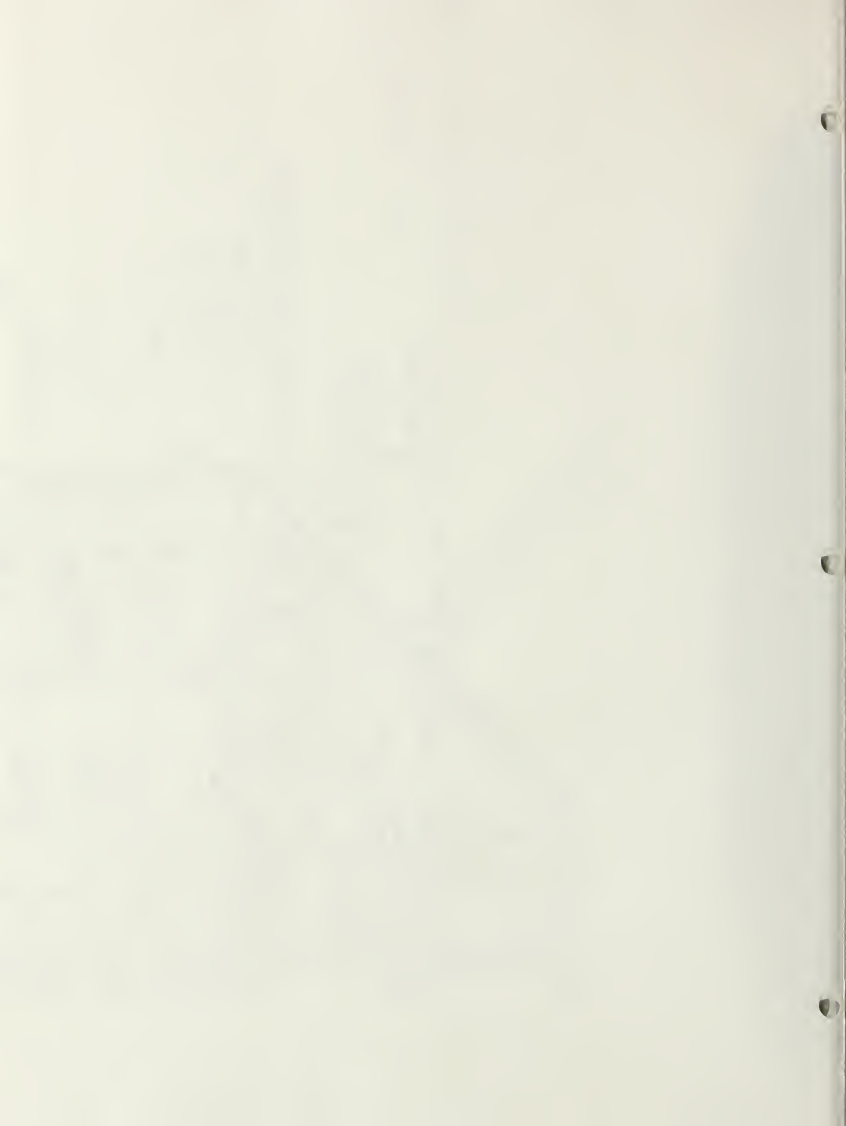
LEADS AREA
BOUNDARIES

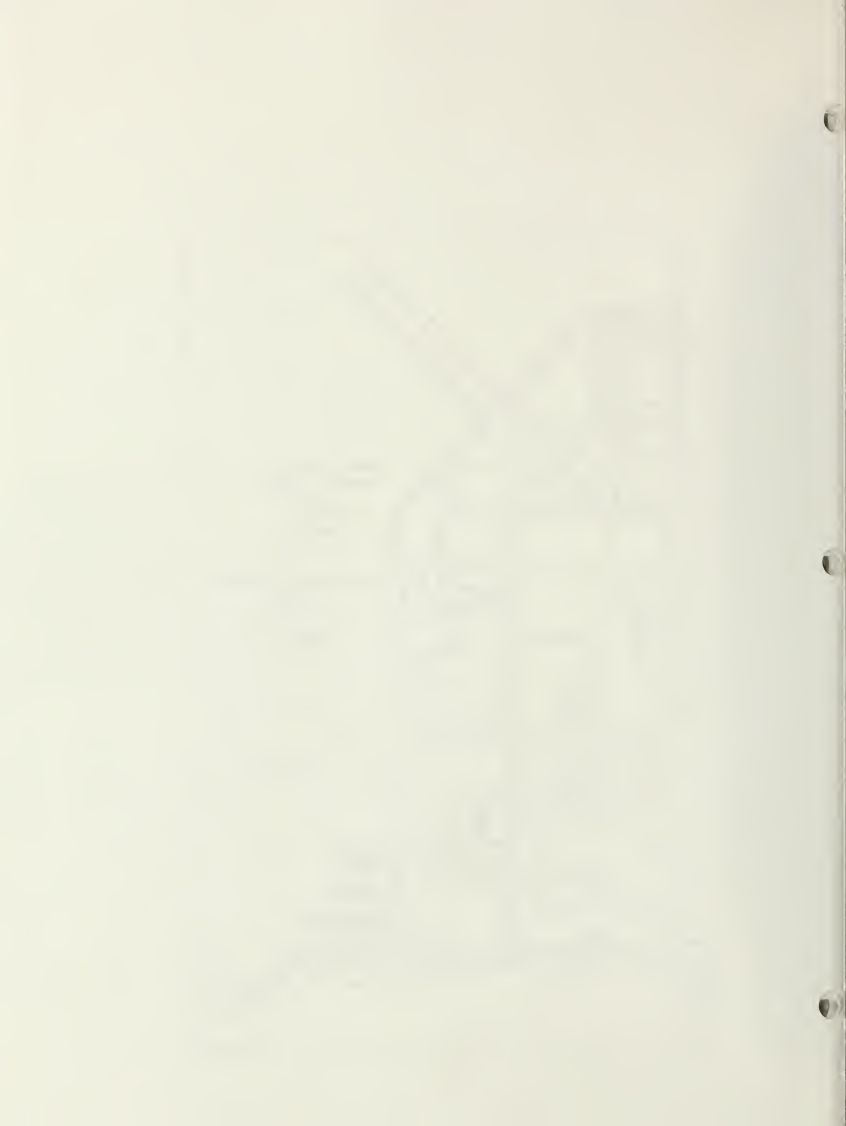
OPACBS EXCLUDED
FROM LEADS

NOT TO SCALE

SEE SHEETS 2, 3, AND 4 OF 4
FOR AREAS EXCLUDED FROM THIS
LEASE IN BUILDING 1.







AVENUE

8TH

E.M.
CLUB

229

295

A

53

10

0

6TH

99

455

○

□

107

APPROXIMATE LIMITS,
10,000 SF OF INTERIOR SPACE

4TH

SPACE

AVENUE

工

BUILDING

Q

40

EXHIBIT A-2

200

Q

200

AVENUE

3

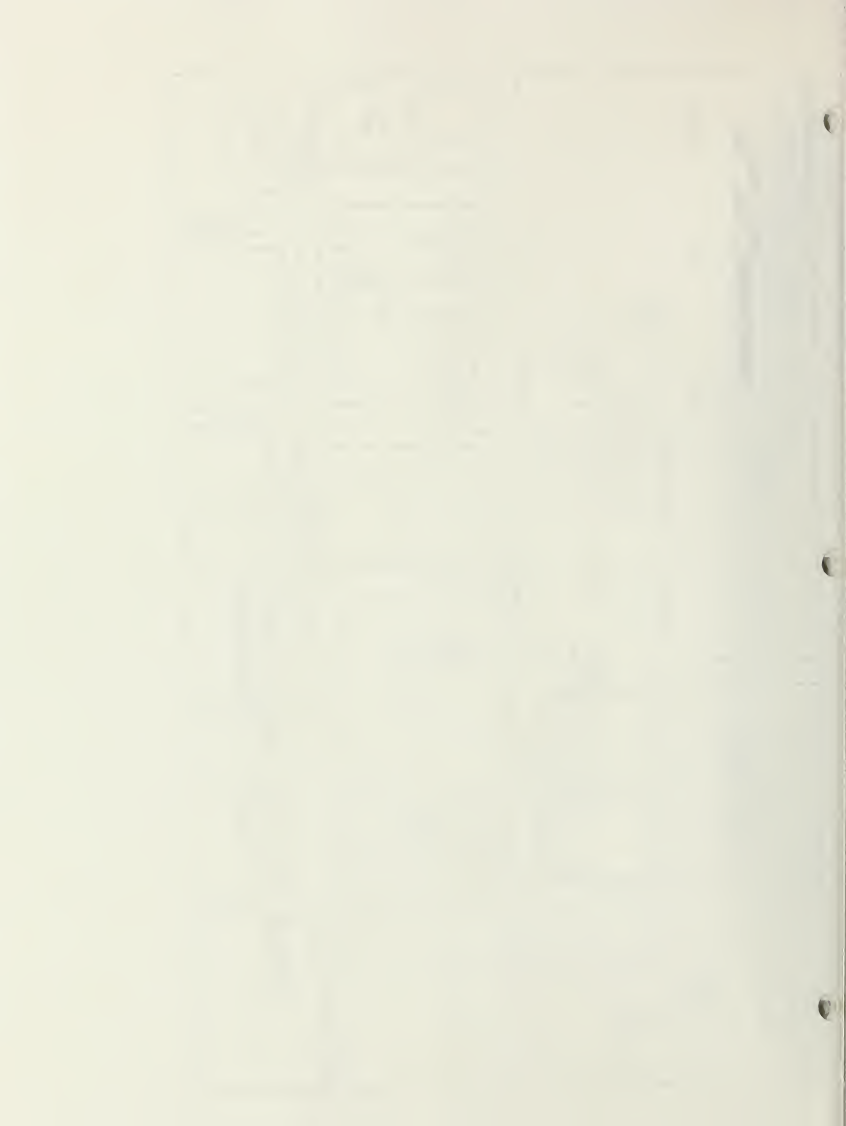
MEDICAL AND
DENTAL BLDG.

442

LEGAL
OFFICIAL

450

APPROXIMATE SCALE IN FEET



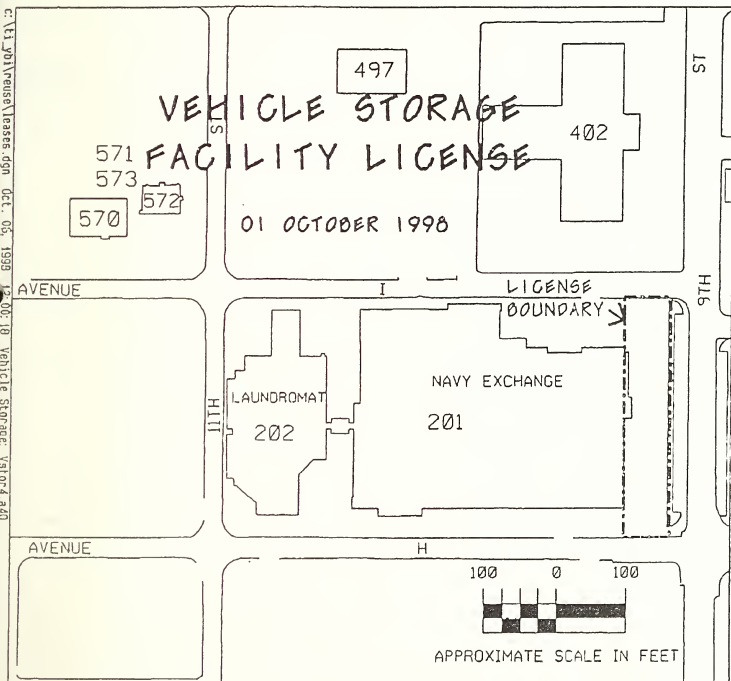


EXHIBIT "A-3"



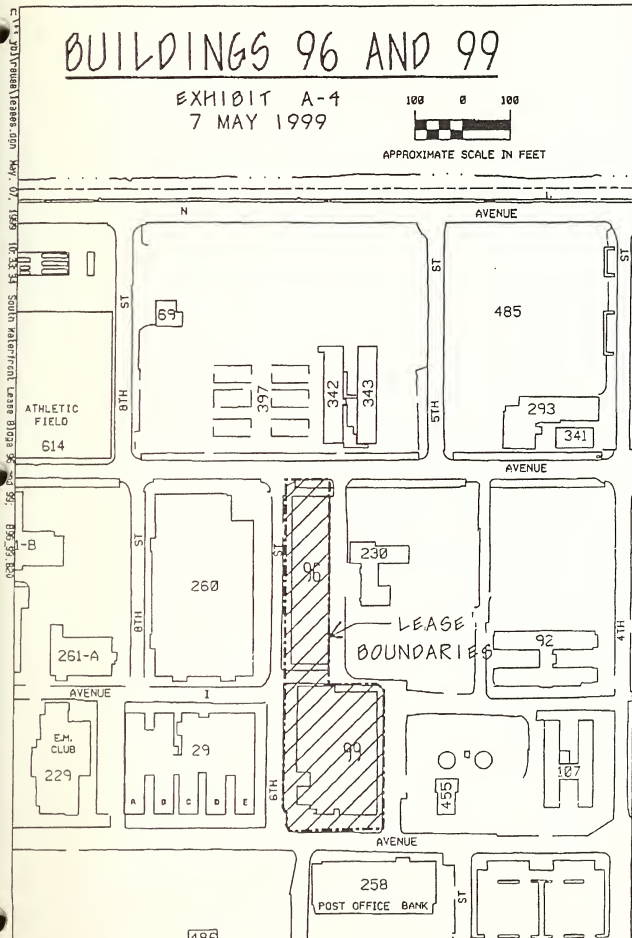
BUILDINGS 96 AND 99

EXHIBIT A-4
7 MAY 1999

100 0 100



APPROXIMATE SCALE IN FEET



City of Portland, Oregon, 2001, May 07, 1999, 10:33:34, South Waterfront Lease Maps & Plans, 100-100-100

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1 [Master Lease Amendments]

2 AUTHORIZING AMENDMENTS TO THE MASTER LEASES BETWEEN THE AUTHORITY
3 AND THE NAVY FOR THE SOUTH WATERFRONT AREA, THE MARINA, AND THE EVENT
4 VENUES TO EXTEND THE TERM OF EACH MASTER LEASE UNTIL SEPTEMBER 3,
5 2002.

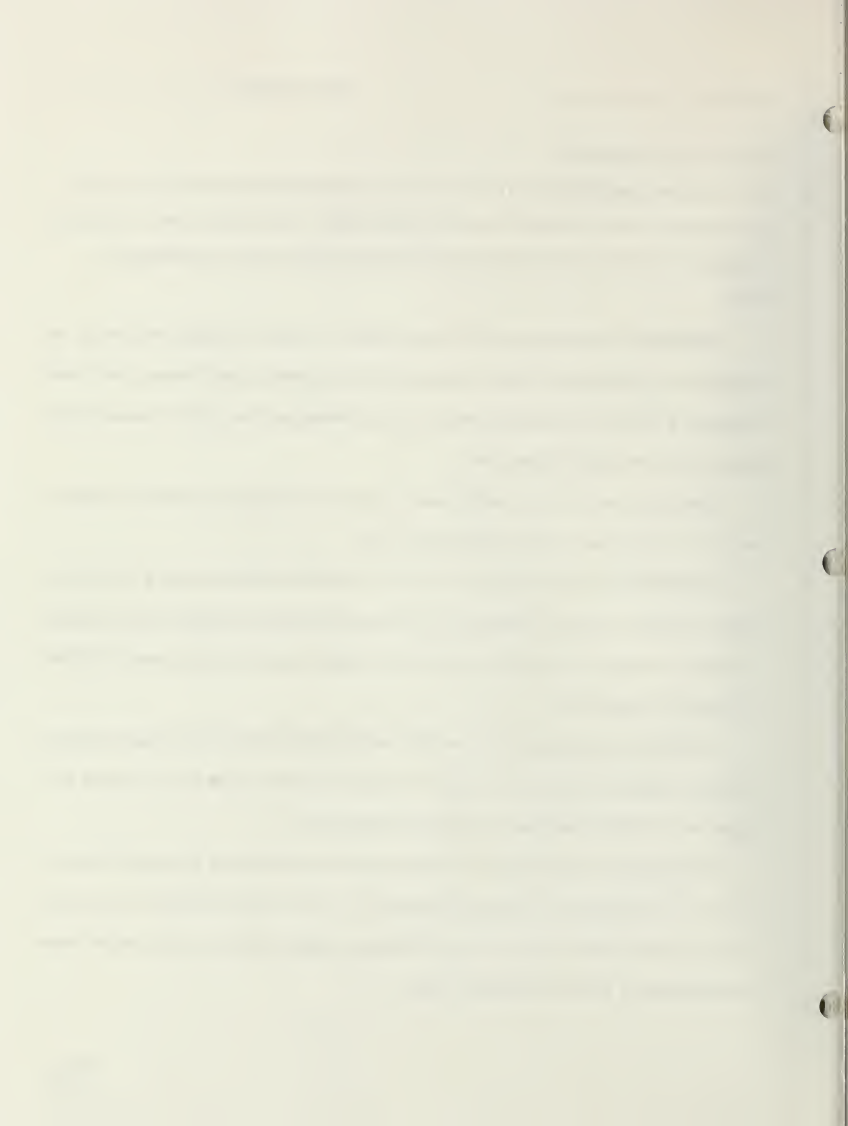
6 **WHEREAS**, the Authority and the United States of America, acting by and through the
7 Department of the Navy (the "Navy"), entered into three separate master leases, each dated
8 September 4, 1998, for the following areas: (1) South Waterfront Area, (2) the Treasure Island
9 Marina, and (3) the Event Venues; and
10

11 **WHEREAS**, each of the master leases enables the Authority to sublease portions of
12 each of the master lease areas for interim uses; and

13 **WHEREAS**, the area covered by the South Waterfront Master Lease is depicted on
14 Exhibit A, attached; the area covered by the Treasure Island Marina Master Lease is depicted
15 on Exhibit B, attached; and the area covered by the Event Venues Master Lease is depicted
16 on Exhibit C, attached; and
17

18 **WHEREAS**, the Authority and the Navy wish to amend the master leases for each of
19 the areas depicted in Exhibits A, B, and C to extend the term of each master lease from
20 September 3, 2000 to September 3, 2002; now therefore be it

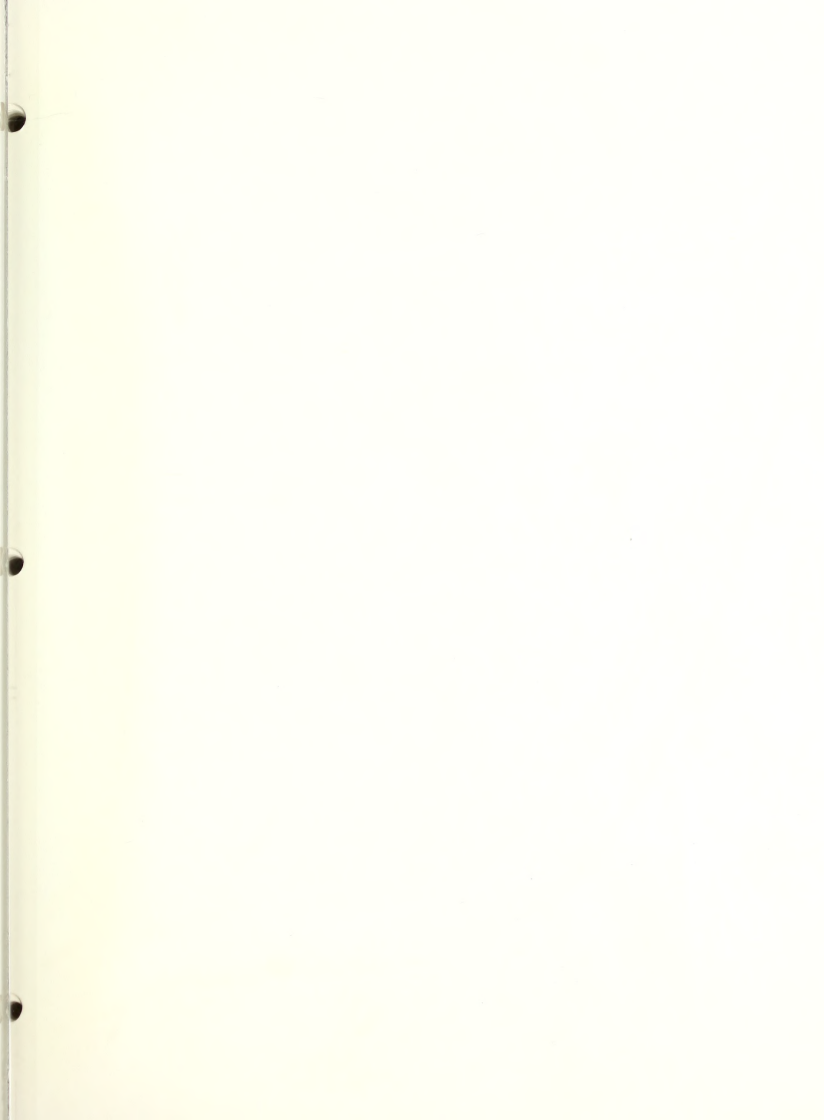
21 **RESOLVED**, That the Board of Directors hereby authorizes the Executive Director to
22 enter into an amendment to the master leases for (1) the South Waterfront Area, (2) the
23 Treasure Island Marina, and (3) the Event Venues to extend the term of each master lease
24 from September 3, 2000 to September 3, 2002.
25



CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on September 13, 2000.

John Elberling





TREASURE ISLAND DEVELOPMENT AUTHORITY
City and County of San Francisco

Agenda Item No. 8

September 13, 2000

Subject: Resolution authorizing the Authority to extend a month-to-month sublease with Island Creative Management for Building 99.

Staff Contact: London Breed, Development Specialist 274-0665

SUMMARY OF PROPOSED ACTION

The staff is requesting the Authority to adopt a resolution to continue a month-to-month sublease with Island Creative Management for the use of Building 99 on the same terms as the original sublease dated September 1, 1999.

DISCUSSION

The sublease provides for use of a portion of Building 99 by Island Creative Management for building sets in television, film production, and special events. In addition, Island Creative Management has created jobs for over 700 employees from Stagehands Local 16 in San Francisco. The sublease is on a month-to-month term. The Authority approved a continuation of the Sublease on February 9, 2000 for a six-month term. The monthly base rent is ten thousand five hundred dollars (\$10,500) for use of space in Building 99. Under the Authority's Rules and Procedures for the transfer of Real Property, continuation of the sublease on a month-to-month basis for an additional six-month term requires Authority approval.

RECOMMENDATION

Staff recommends approval for the Authority to continue a month-to-month sublease with Island Creative Management for an additional six months. Further continuation of the Sublease beyond February 28, 2001 would require additional Authority approval.

EXHIBITS

Original Sublease dated September 1, 1999
First Amendment to the Sublease dated August 21, 2000

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1 [Continuation of Month-to-Month Sublease of Building 99]

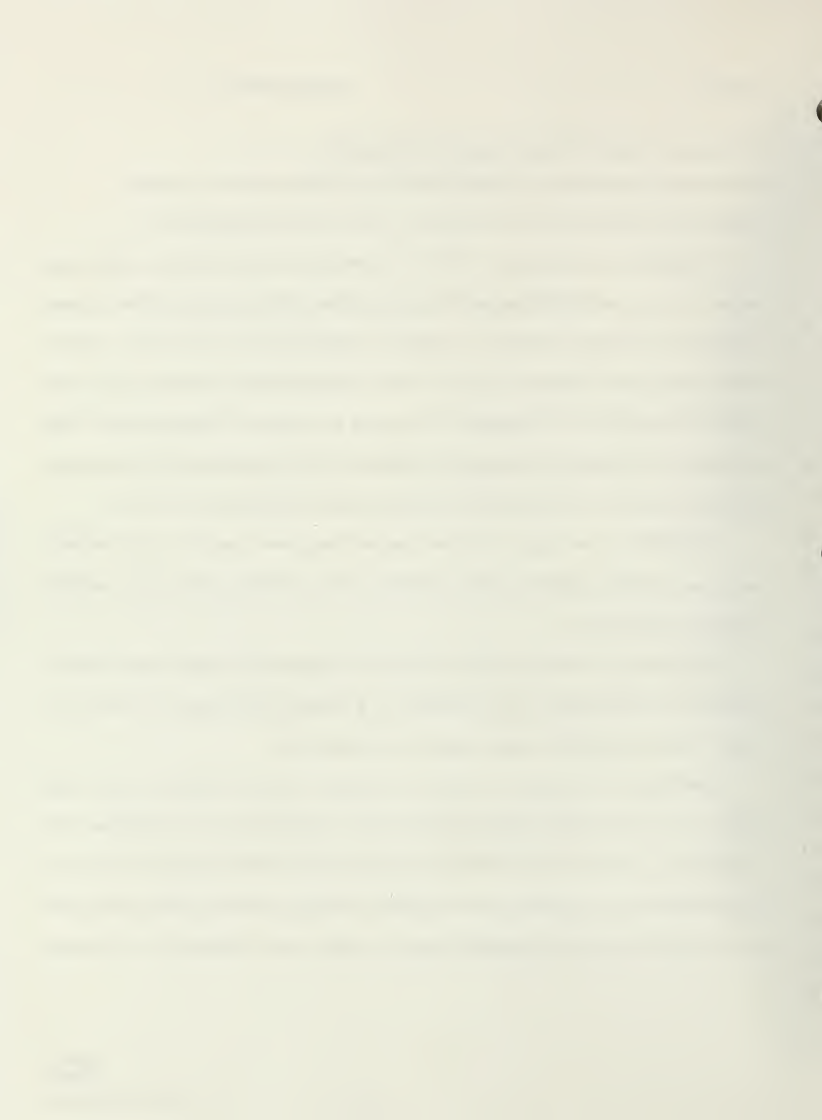
2 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXTEND A MONTH-TO-MONTH
3 SUBLEASE FOR BUILDING 99 WITH ISLAND CREATIVE MANAGEMENT INC.

4 **WHEREAS**, on September 1, 1999, the Authority's Executive Director, acting under
5 Section 10 of the Authority's Rules and Procedures for the Transfer and Use of Real Property,
6 adopted by the Authority on March 11, 1998 (the "Transfer Rules"), entered into a month-to-
7 month sublease (the "Sublease"), a copy of which is attached hereto as Exhibit A, with Island
8 Creative Management Inc. ("Subtenant") for the use of a portion of Building 99 (the "Initial
9 Premises") for the building of sets used in television and film production and in connection
10 with special events, at a rental rate of Six Thousand Dollars (\$6,000) per month; and

11 **WHEREAS**, under Section 10 of the Transfer Rules, even a month-to-month sublease
12 has to be separately approved by the Authority if the cumulative term of such sublease
13 exceeds six months; and

14 **WHEREAS**, on February 9, 2000, the Board of Directors of the Authority approved and
15 authorized the continuation of the Sublease on a month-to-month basis for another six
16 months, and the approved six month extension has expired; and

17 **WHEREAS**, on August 21, 2000, the Authority's Executive Director, acting under
18 Section 10 of the Transfer Rules, entered into an amendment to the Sublease (the
19 "Amendment"), a copy of which is attached hereto as Exhibit B, with Subtenant for the use of
20 an additional portion of Building 99 (the "Expansion Premises") (both the Initial Premises and
21 the Expansion Premises are collectively referred to herein as the "Premises") on a month-to-
22
23
24
25



1 month basis, and the Amendment increased the rental rate for the Premises to Ten Thousand
2 Five Hundred Dollars (\$10,500) per month; and

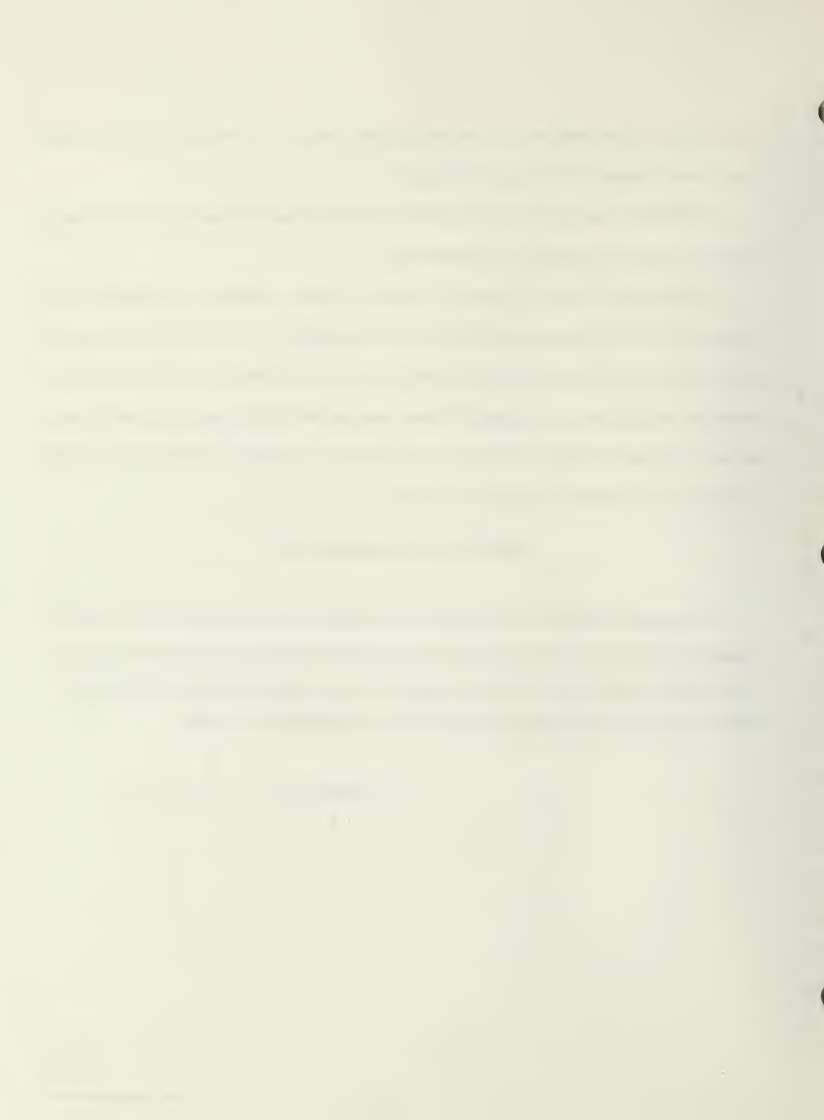
3 **WHEREAS**, Subtenant wishes to continue to occupy the Premises under the Sublease
4 for at least another six months; now therefore be it

5 **RESOLVED:** That the Board of Directors hereby approves and authorizes the
6 continuation of the Sublease, as amended by the Amendment, on a month-to-month basis for
7 up to another six months, provided that nothing herein shall limit the Authority's ability to
8 terminate the Sublease on thirty days notice as provided in the Sublease and provided further
9 that any continued occupancy of the Premises under the Sublease past February 28, 2001
10 shall require the separate approval of the Authority.
11

12 **CERTIFICATE OF SECRETARY**

13
14 I hereby certify that I am the duly elected and acting Secretary of the Treasure
15 Island Development Authority, a California nonprofit public benefit corporation, and
16 that the above Resolution was duly adopted and approved by the Board of Directors
17 of the Authority at a properly noticed meeting on September 13, 2000.
18

19
20 John Elberling
21
22
23
24
25

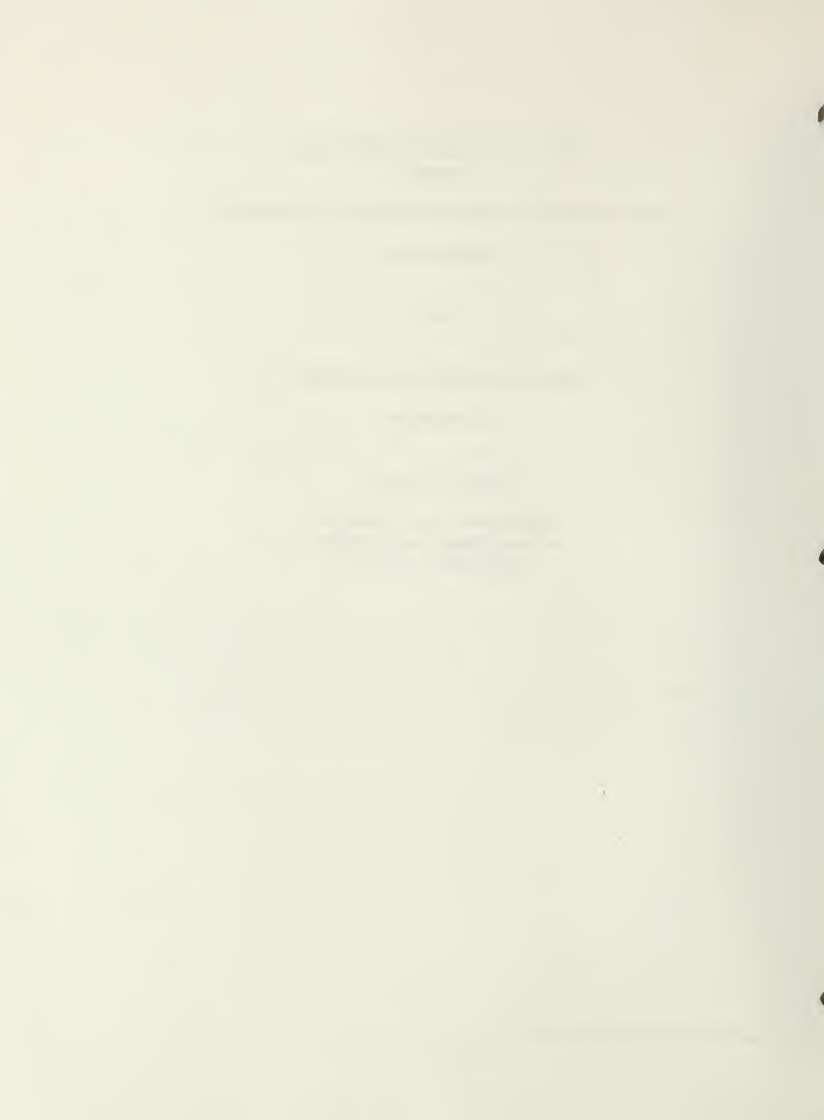


FIRST AMENDMENT TO SUBLEASE
between
THE TREASURE ISLAND DEVELOPMENT AUTHORITY
as Sublandlord

and

ISLAND CREATIVE MANAGEMENT
as Subtenant

For the Sublease of
10,500 square feet in Building 99
at Naval Station Treasure Island
San Francisco, California



FIRST AMENDMENT TO TREASURE ISLAND SUBLEASE

THIS FIRST AMENDMENT TO SUBLEASE (the "First Amendment"), dated as of this 21st day of August 2000, is by and between the Treasure Island Development Authority ("Sublandlord") and Island Creative Management ("Subtenant")

This Sublease is made with reference to the following facts and circumstances:

A. Subtenant and Sublandlord entered into that certain sublease, dated September 1, 1999 (the "Original Sublease", and as amended by this First Amendment to the "Sublease"), for the use and occupancy of portions of Building 99 located on Treasure Island, all as more particularly shown on the map attached to the Original Sublease as Exhibit B (the "Original Premises").

B. Subtenant and Sublandlord desire to amend the Original Sublease to expand the Original Premises and increase the rent due and owing therefor.

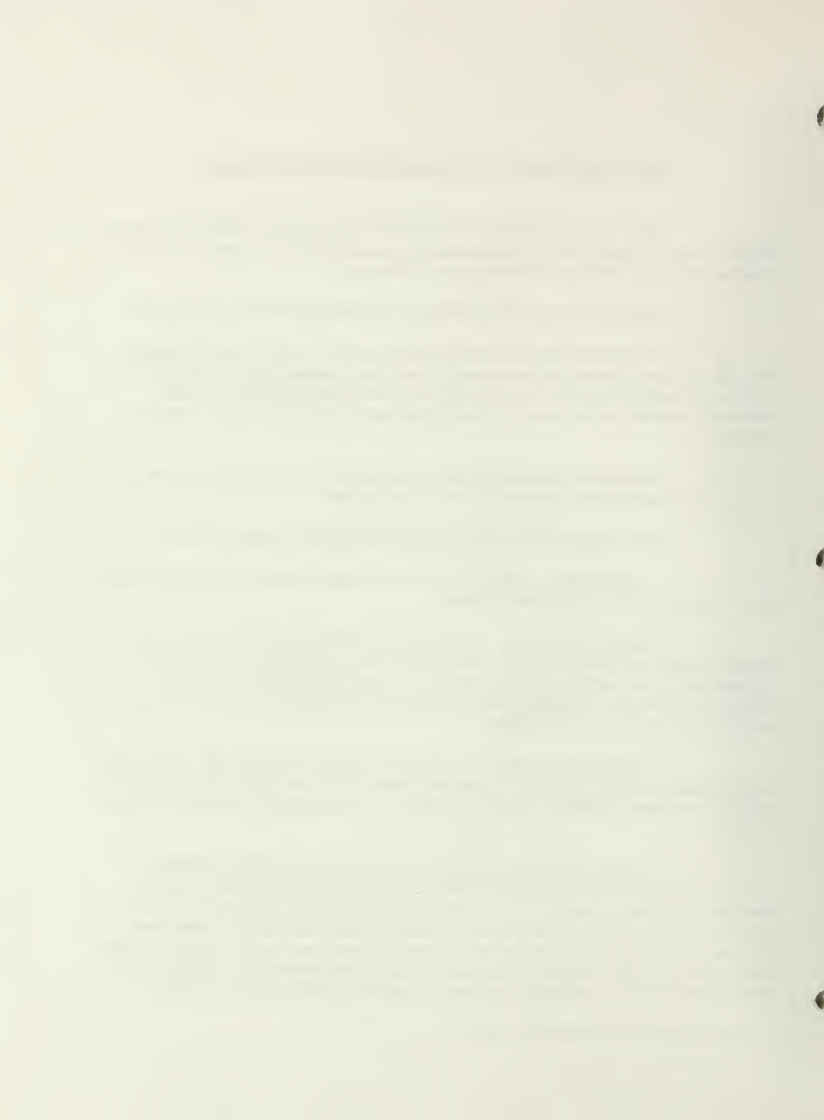
NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. Defined Terms. Capitalized terms not separately defined herein shall have the same meaning provided in the Original Sublease.

2. Expansion Premises. The Original Premises described in Section 1.1 of the Original Sublease are hereby amended to include, in addition to the 6,000 square feet of the Original Premises, an additional 4,500 square feet, for a total of 10,500 square feet within Building 99, all as shown on Exhibit A attached hereto (the "Expansion Premises", and together with the Original Premises, the "Premises").

3. Base Rent for Premises. As of the date of this First Amendment, the Base Rent for the Premises under the Sublease, including the Expansion Premises, shall be increased from Six Thousand Dollars (\$6,000) per month to Ten Thousand Five Hundred Dollars (\$10,500) per month.

4. Terms and Conditions of Original Sublease Remain in Force and Effect. Except as specifically amended hereby, the terms and conditions of the Original Sublease, as amended by this First Amendment, shall remain in full force and effect. Without limiting the generality of the foregoing and notwithstanding anything contained in this First Amendment, Subtenant acknowledges and agrees that the Sublease is currently on a month-to-month basis and continuation of the Sublease on a month-to-month basis beyond September 1, 2000 requires the Board of Directors of the Sublandlord to approve a resolution extending the Term of this




Sublease beyond such date.

5. Counterparts. This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Sublandlord and Subtenant have executed this First Amendment as of the date first written above.


SUBTENANT:

ISLAND CREATIVE MANAGEMENT


By: 
Its: General Partner

SUBLANDLORD:

**THE TREASURE ISLAND DEVELOPMENT
AUTHORITY**

By: 
Its: Executive Director

Approved as to Form:


Deputy City Attorney

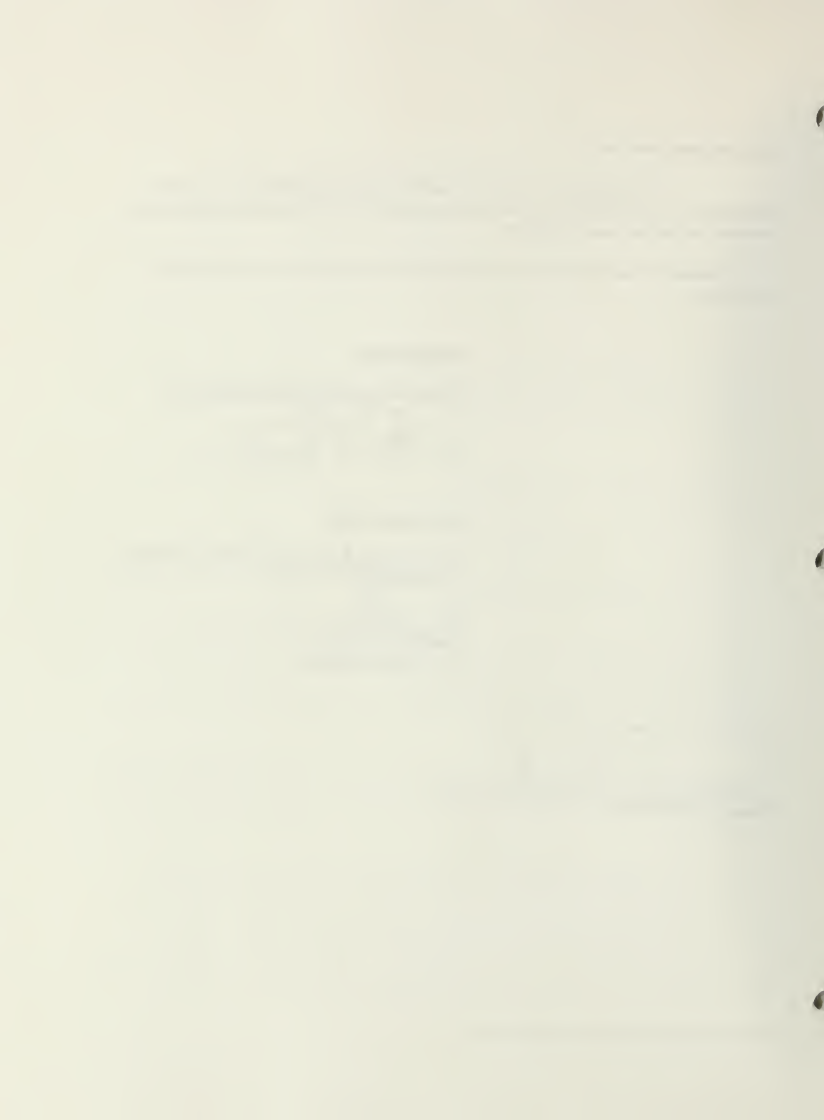
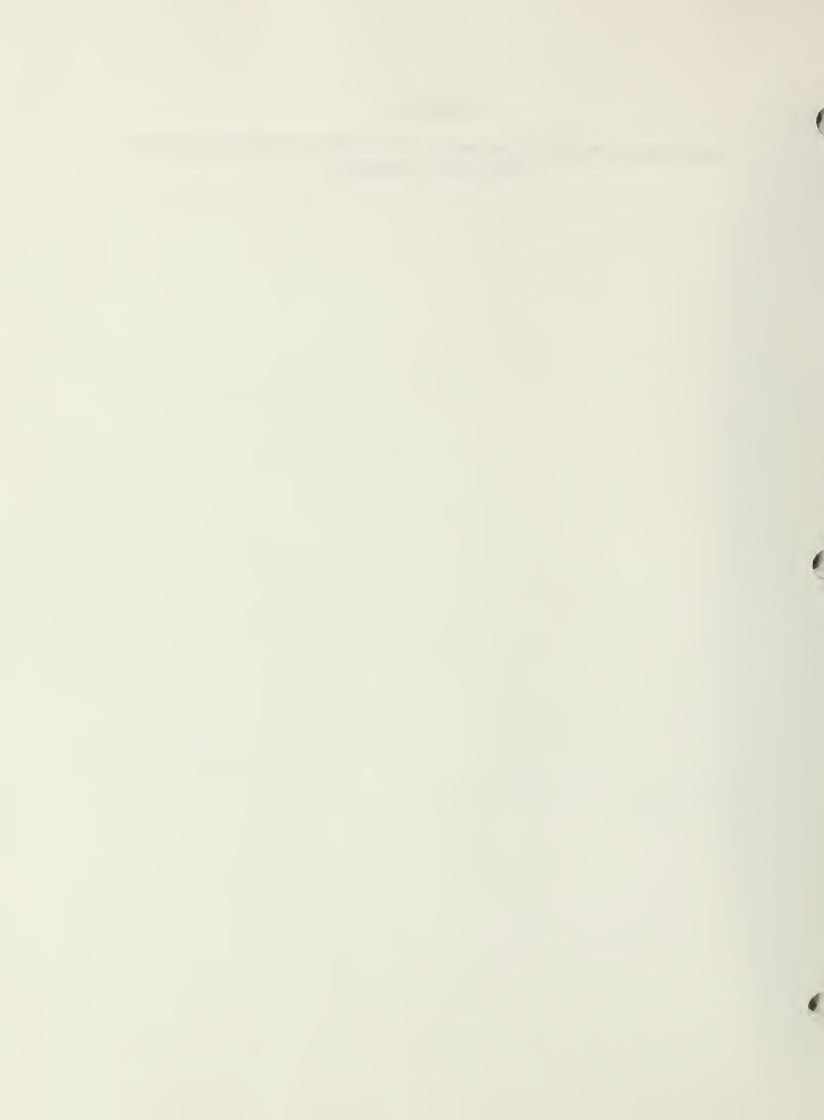


EXHIBIT A

**DIAGRAM OF MODIFIED PREMISES, INCLUDING THE ORIGINAL AND
EXPANSION PREMISES**



SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

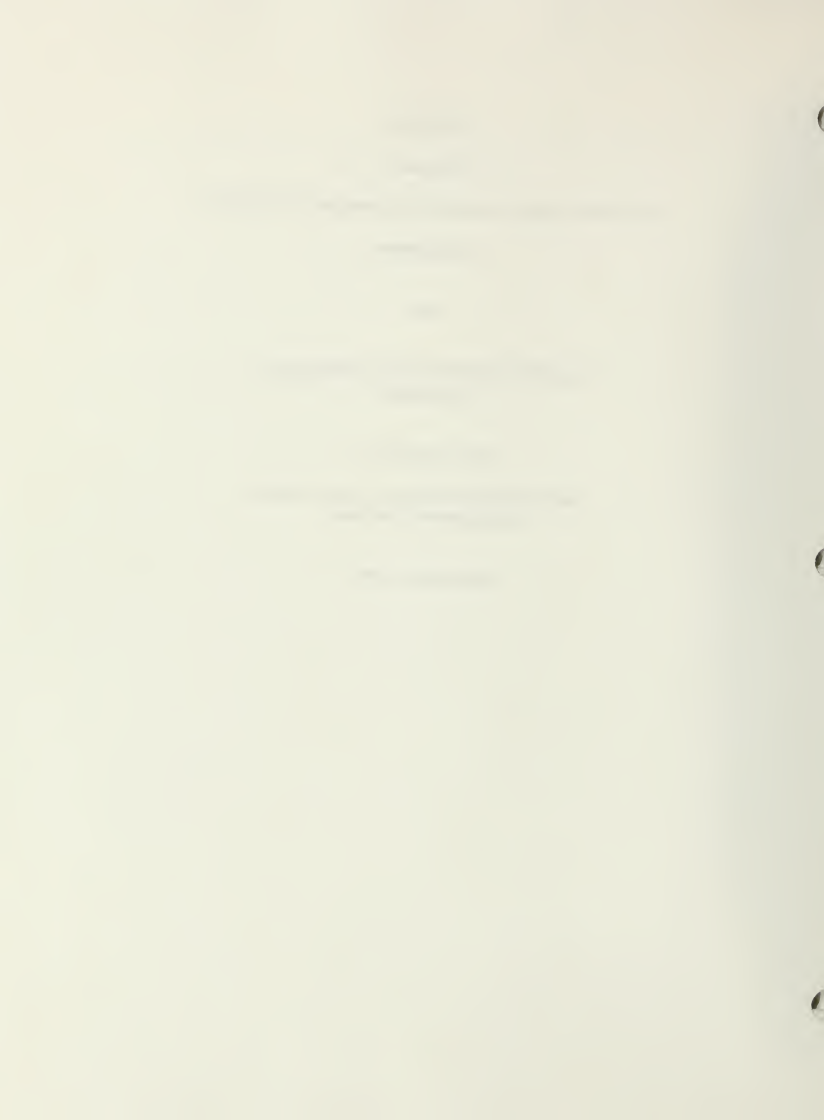
ISLAND CREATIVE MANAGEMENT LLC

as Subtenant

For the Sublease of

**Building 99 at Naval Station Treasure Island
San Francisco, California**

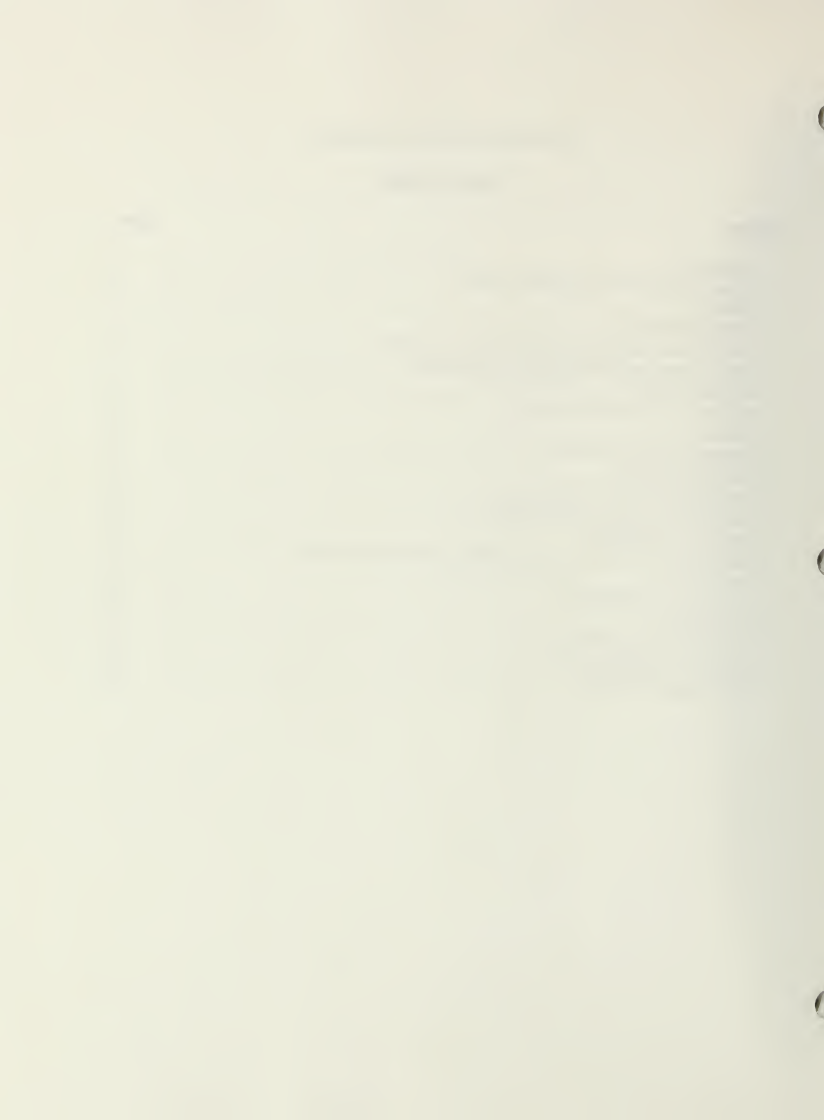
September 1, 1999



TREASURE ISLAND SUBLEASE

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LIST OF EXHIBITS:

EXHIBIT A -- Master Lease

EXHIBIT B -- Drawing of Premises

EXHIBIT C -- Seismic Report

EXHIBIT D -- Rules and Regulations

EXHIBIT E -- Utilities

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated as of this 1st of September, 1999, is by and between the Treasure Island Development Authority ("Sublandlord") and Island Creative Management, a Limited Liability Corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated September 4, 1998, as amended by that certain Amendment to Lease dated January 14, 1999, (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord on Naval Station Treasure Island (the "Property"), among other things, Building 99 (the "Building"), together with a non-exclusive right to use certain parking areas adjacent thereto, all as more particularly shown on the map attached hereto as Exhibit B (the "Premises").

B. Subtenant desires to sublet the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. PREMISES

1.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises.

1.2. As Is Condition of Premises.

(a) **Inspection of Premises.** Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them, ("Subtenant's Agents") of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 1.2(c) below and the Joint Inspection Report referenced in

Inspection Report referenced in Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises ("Laws") governing the use, occupancy, management, operation and possession of the Premises. Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below) (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use of Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or Subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 1.2 (b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions,*" prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco, (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that the Building and any other structures or improvements located on or about the Premises, may fail structurally and collapse.

2. COMPLIANCE WITH MASTER LEASE

2.1. Incorporation by Reference. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein

2.2. Conflict. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

2.3. Compliance with Master Lease. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

2.4. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

3. TERM

3.1. Term of Sublease. The term of this Sublease (the "Term") shall be on a month-to-month basis, shall commence on September 1, 1999 (the "Commencement Date") and, may be terminated by either party, for any reason and without liability for such termination, upon thirty (30) days prior written notice to the other Party. Notwithstanding the foregoing, this Sublease shall automatically terminate on February 28, 2000 (the "Upset Date") unless the Board of Directors of the Sublandlord approves a resolution extending the Term of this Sublease beyond the Upset Date.

4. RENT

4.1. **Base Rent.** Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord base rent in the amount of Six Thousand Dollars (\$6,000) per month (the "Base Rent"). Base Rent shall be paid to the Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall prorated based on a thirty (30) day month.

4.2. **Additional Charges.** In addition to Base Rent, Subtenant shall pay any and all real property taxes, possessory interest taxes and other costs, impositions and expenses related to the Premises as provided in Section 4 hereof, plus all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder and all utility charges (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

4.3. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

4.4. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%), provided however that interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

5. TAXES, ASSESSMENTS AND OTHER EXPENSES

5.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every

description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

5.2. **Other Expenses.** This is a "triple net" Sublease. Accordingly, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any utilities, maintenance or services necessary for Subtenant's use.

5.3. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

6. USE; COVENANTS TO PROTECT PREMISES

6.1. **Subtenant's Permitted Use.** Subtenant may use the Building as an office and for the building of sets used in television and film production and for special events, and for no other purpose.

6.2. **Rules and Regulations.** Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and

regulations may be prescribed by Master Landlord or Sublandlord from time to time and which are provided to Subtenant in advance of the enforcement thereof.

6.3. Easements. This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"), provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities. To the best knowledge of the Mayor's Treasure Island Project Office, there are no existing Additional Easements or other encumbrances which would materially interfere with Subtenant's use of the Premises.

6.4. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over the Subtenant's use of the Premises in the event of any conflict, provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

6.5. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises.

7. ALTERATIONS

7.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may be given or withheld in

Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any permitted Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord or by program youths and staff under the supervision of qualified professionals, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any permitted Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of such construction at all times.

7.2. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to the Premises (i) which will affect the historic characteristics of the Premises or modify the appearance of the exterior of the Premises without Master Landlord's and Sublandlord's prior written consent or (ii) if such Alterations would preclude qualifying the Premises for inclusion on the National Register for Historic places.

7.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of Section 7.1 above shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 7.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

7.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and may be removed by it subject to the provisions of Section 18 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

7.5. Sublandlord's Alterations of the Premises and Premises Systems. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the Premises, provided that any such alterations or additions shall not materially adversely affect the functional utilization of the

Premises for purposes stated herein.

8. REPAIRS AND MAINTENANCE

8.1. Subtenant Responsible for Maintenance and Repair. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

8.2. Utilities. Sublandlord shall provide the basic building utilities and services described in the attached Exhibit E. (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole costs, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

8.3. Floor Load. Without Sublandlord's prior written consent, which Sublandlord may give or refuse in its sole discretion, Subtenant shall not place or install in the Premises any equipment that weighs in excess of the normal load-bearing capacity of the floors of the Premises. If Sublandlord consents to the placement or installation of any such machine or equipment in the Premises, Subtenant at its sole expense shall reinforce the floor of the Premises, pursuant to plans and specifications approved by Sublandlord and otherwise in compliance with Section 7.1 [Alterations] to the extent necessary to assure that no damage to the Premises or weakening of any structural support will be occasioned thereby.

8.4. Janitorial Services. Subtenant shall provide all janitorial services for the Premises.

8.5. Pest Control. Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

8.6. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as Exhibit D. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

8.7. **No Right to Repair and Deduct.** Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or and any right of Subtenant to make repairs or replacements and deduct the cost thereof.

9. LIENS

Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

10. COMPLIANCE WITH LAWS

10.1. **Compliance with Laws.** Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary, provided however, that Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety

and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C.S. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

10.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") the Sublandlord and City, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties") against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

10.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

11. ENCUMBRANCES

11.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

12. DAMAGE OR DESTRUCTION

12.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 16 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more than Ten Thousand Dollars (\$10,000) to repair, Subtenant may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 18 (except for damage caused by the casualty pursuant to which the Sublease may be terminated under this Section 12.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. Except as specifically provided above, Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 7.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

12.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 12.1 above, there shall be no abatement in the Rent payable hereunder.

12.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber,

pledge or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises, without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion.

14. DEFAULT; REMEDIES

14.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;

(b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease, provided Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.

(c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days; and

(d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted.

14.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by law California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection

(b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

14.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

15. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

15.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the gross negligence or willful misconduct of the Indemnified Parties (except as provided in Section 15.1(e) below). Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the consideration and other sums payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and

Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the Indemnified Parties decision to Sublease the Premises to the Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

15.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses, expressly including but not limited to, any Losses arising out of a partial or complete collapse of the Premises due to an earthquake or subsidence, incurred in connection with or arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees, (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) the condition of the Premises, including the Premises, (f)

any construction or other work undertaken by Subtenant on or about the Premises whether before or during the Term of this Sublease; or (g) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, or of any trespassers, in, on or about the Premises or any Alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused by the gross negligence and intentional wrongful acts and omissions of the Indemnified Parties. Notwithstanding the foregoing, Subtenant's obligations to indemnify the Indemnified Parties under this Section 15.2 shall remain in full force and effect regardless of whether or not the Indemnified Parties' decision to Sublease the Premises to the Subtenant, given the seismic condition of the property, is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease. Notwithstanding anything contained herein, to the extent such Losses are not covered by insurance required herein and subject to Section 12.1 above, Subtenant shall have no obligation to repair, restore or reconstruct the Premises (or to pay for the same) in the event the Premises are damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty.

16. INSURANCE

16.1. Subtenant's Insurance. Subtenant shall procure and maintain throughout the Term of this Sublease and pay the cost thereof the following insurance:

(a) **Property Insurance.** Subtenant shall procure and maintain, at its own cost, a standard fire and extended coverage insurance policy insuring the Premises, including, without limitation, the Premises and all fixtures, Alterations, furniture and equipment located thereon, in an amount not less than the full replacement value.

(b) **Public Liability and Other Insurance.** Subtenant shall at all times, at its cost, also maintain insurance for the mutual benefit of Sublandlord and Subtenant against:

(i) Claims for personal injury under a policy of commercial general liability insurance, including without limitation, claims for bodily injury, property damage or employer's liability occurring in or upon the Premises, in an amount not less than \$5,000,000 combined single limit. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(ii) Worker's compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than \$1,000,000 each accident.

(iii) Automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

16.2. General Requirements. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.

(a) Should any of the required insurance be provided under a claims-made form, Subtenant shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Subtenant as the insured and the Sublandlord and the Master Landlord as additional insureds.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

(iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to the address(es) for Sublandlord set forth in the Basic Sublease Information.

16.3. Proof of Insurance. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(b)(1) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such policies or certificates, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.

16.4. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

16.5. Lapse of Insurance. Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

16.6. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

17. ACCESS BY SUBLANDLORD

17.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any

such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

17.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

18. SURRENDER

18.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other Encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.4 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law.

If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises.

18.2. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this

such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

17.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

18. SURRENDER

18.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other Encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.4 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law.

If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises.

18.2. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this

Sublease a security deposit in the amount of Ten Thousand Dollars (\$10,000) as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 18.2, Sublandlord shall return such security deposit to Sublandlord within forty-five (45) days of the termination of this Sublease.

19. HAZARDOUS MATERIALS

19.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal,

discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Without limiting the foregoing, Subtenant acknowledges and agrees that it shall be bound by and will comply with the environmental protection provisions provided for in Section 13 of the Master Lease.

19.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 19.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against all any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

19.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby

acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease.

20. GENERAL PROVISIONS

20.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord	Treasure Island Development Authority Treasure Island Project Office 401 Palm Avenue Building 1, Room 237 Treasure Island Attn: Executive Director Fax No.: 415-274-0662
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with a copy to:	Office of the City Attorney City Hall, Second Floor 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102 Attn: Michael S. Cohen Fax No.: (415) 554-4755
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Notice Address of Subtenant:	Island Creative Management LLC 470 Avenue H Treasure Island San Francisco, CA 94130 Attn: Chris Kelly Fax No.: 707-557-6973
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Notice Address of Master Landlord:	Commanding Officer (Code 24) Engineering Field Activity West Naval Facilities Engineering Command 900 Commodore Drive San Bruno, California 94066
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Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one

day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 20.1 and applicable Laws, shall be deemed receipt of such notice..

20.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment for any sums due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

20.3. Amendments. Neither this Sublease nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

20.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosure set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

20.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

20.6. Interpretation of Sublease. The captions preceding the articles and sections of

this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

20.7. Successors and Assigns. Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

20.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

20.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

20.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

20.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein. Notwithstanding the foregoing, the Parties shall make a good faith effort to negotiate mutually acceptable changes to this Sublease, if any, within ninety (90) days of the date hereof, provided however, that such changes, if any, shall be subject to the approval of the Master Landlord.

20.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees.

20.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

20.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

20.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

20.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint

venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

20.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

20.18. Non-Liability of Indemnified Parties' officials, employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Agreement.

20.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

20.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord

21. SPECIAL PROVISIONS

21.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

21.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

21.3. Non-Discrimination.

(a) Covenant Not to Discriminate. In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) Subleases and Other Subcontracts. Subtenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all Subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) Non-Discrimination in Benefits. Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC").

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters.

Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

21.4. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Sublease with respect to a Taking.

21.5. MacBride Principles - Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

21.6. Tropical Hardwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

21.7. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

21.8. Burma (Myanmar) Business Prohibition. Subtenant is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a "prohibited person or entity" as defined in Section 12J.2(G) of the San Francisco Administrative Code. Sublandlord reserves the right to terminate this Sublease for default if Subtenant violates the terms of this clause. Chapter 12J of the San Francisco Administrative Code is hereby incorporated by reference as though fully set forth herein. The failure of

Subtenant to comply with any of its requirements shall be deemed a material breach of this Sublease. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 12J of the San Francisco Administrative Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit under this Sublease, or 10% of the total amount of the Sublease, or \$1,000, whichever is greatest. Subtenant acknowledges and agrees the liquidated damages assessed shall be payable to the Sublandlord upon demand and may be setoff against any moneys due to the Subtenant from this Sublease.

21.9. Prevailing Wages for Construction Work. Subtenant agrees that to the extent any person performing labor in the construction of the Alterations required under Section 7 [Alterations] is paid wages for such labor, such person shall be paid not less than the highest prevailing rate of wages and that Subtenant shall include, in any contract for construction of such improvements, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant further agrees that, as to the construction of such improvements under this Sublease, Subtenant shall comply with all the provisions of subsection (b) of San Francisco Charter Section A7.204 and Sections 6.33 through 6.45 of the San Francisco Administrative Code that relate to payment of prevailing wages. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord every two weeks during any construction period, certified payroll reports with respect to all persons performing labor in the construction of any of the required alterations.

21.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the Authority or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

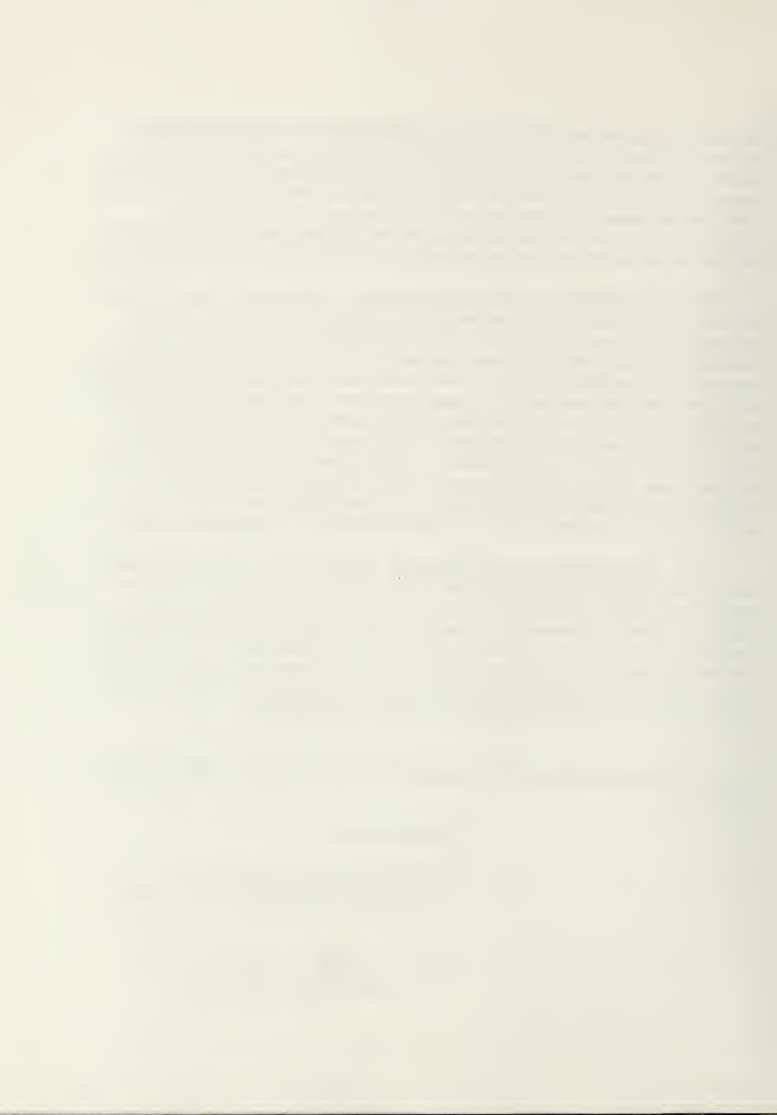
SUBTENANT:

Island Creative Management
a Limited Liability Corporation

By:

Its:





SUBLANDLORD:

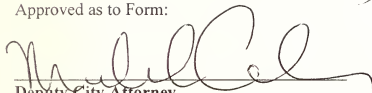
Treasure Island Development Authority

By: 

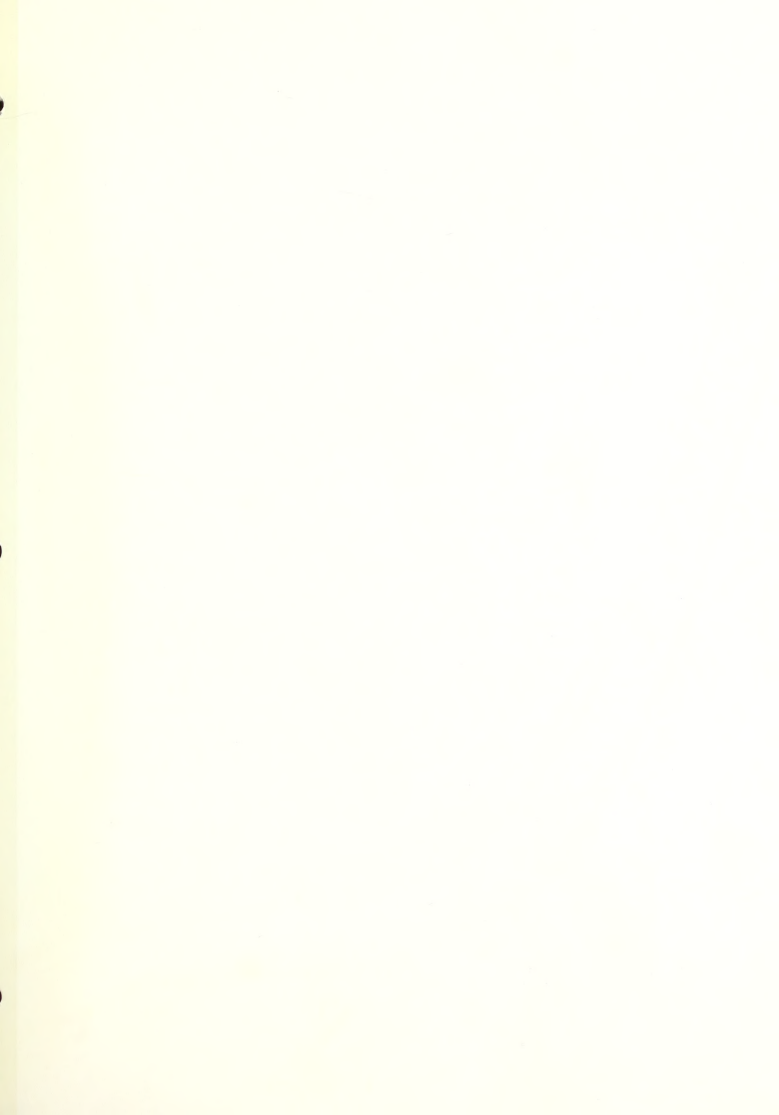
Its: _____

ANNEMARIE CONROY
Executive Director
Treasure Island Development
Authority Project

Approved as to Form:


Deputy City Attorney







TREASURE ISLAND DEVELOPEMNT AUTHORITY
City and County of San Francisco

Agenda Item No. 9

September 13, 2000

Subject: Resolution authorizing the Authority to extend a month-to-month sublease with W Wong Construction for Building 62

Staff Contact: London Breed, Development Specialist 274-0665

SUMMARY OF PROPOSED ACTION

Staff requests the Authority to adopt a resolution to continue a month-to-month sublease with W Wong Construction for the use of Building 62 on the same terms as the original sublease dated July 1, 1999.

DICUSSION

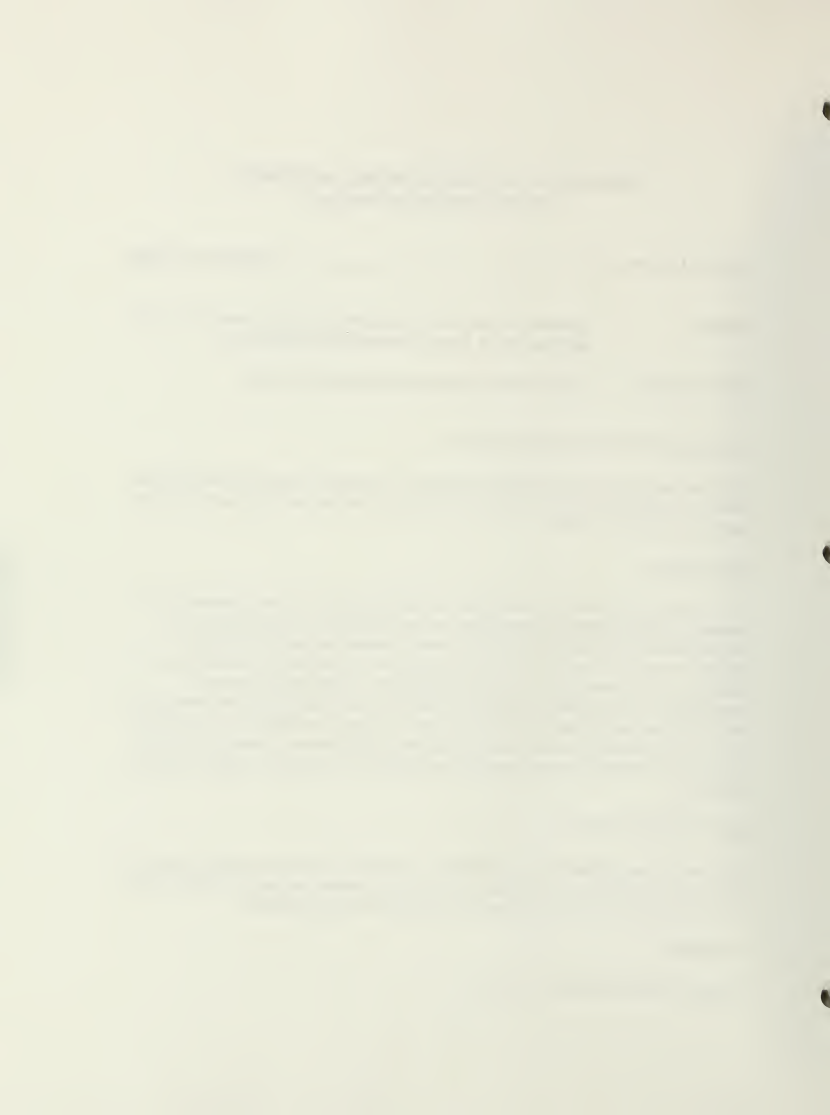
The sublease provides for use of a portion of Building 62 by W Wong Construction for storage of office-related equipment, files, and records and for no other purpose. The subtenant does not permit any persons to enter or occupy the premises, except for periodic access to the materials stored in the premises, as provided in section 6.2 of the sublease. The sublease is on a month-to month term. The Authority approved a continuation of the sublease on February 9, 2000 for a six-month term. The monthly base rent is two thousand dollars (\$2,000.00) for the use of space in Building 62. Under the Authority's Rules and Procedures for the transfer of Real Property, continuation of this Sublease on a month-to-month basis for an additional six-month term requires Authority approval.

RECOMMENDATION

Staff recommends approval for the Authority to continue a month-to-month sublease with W Wong Construction for an additional six months. Further continuation of the sublease beyond February 28, 2001 would require additional Authority approval.

EXHIBITS

Original Sublease dated July 1, 1999



1 [Continuation of Month-to-Month Sublease of Building 62]

2 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXTEND A MONTH-TO-MONTH
3 SUBLEASE FOR BUILDING 62 WITH W. WONG CONSTRUCTION COMPANY INC.

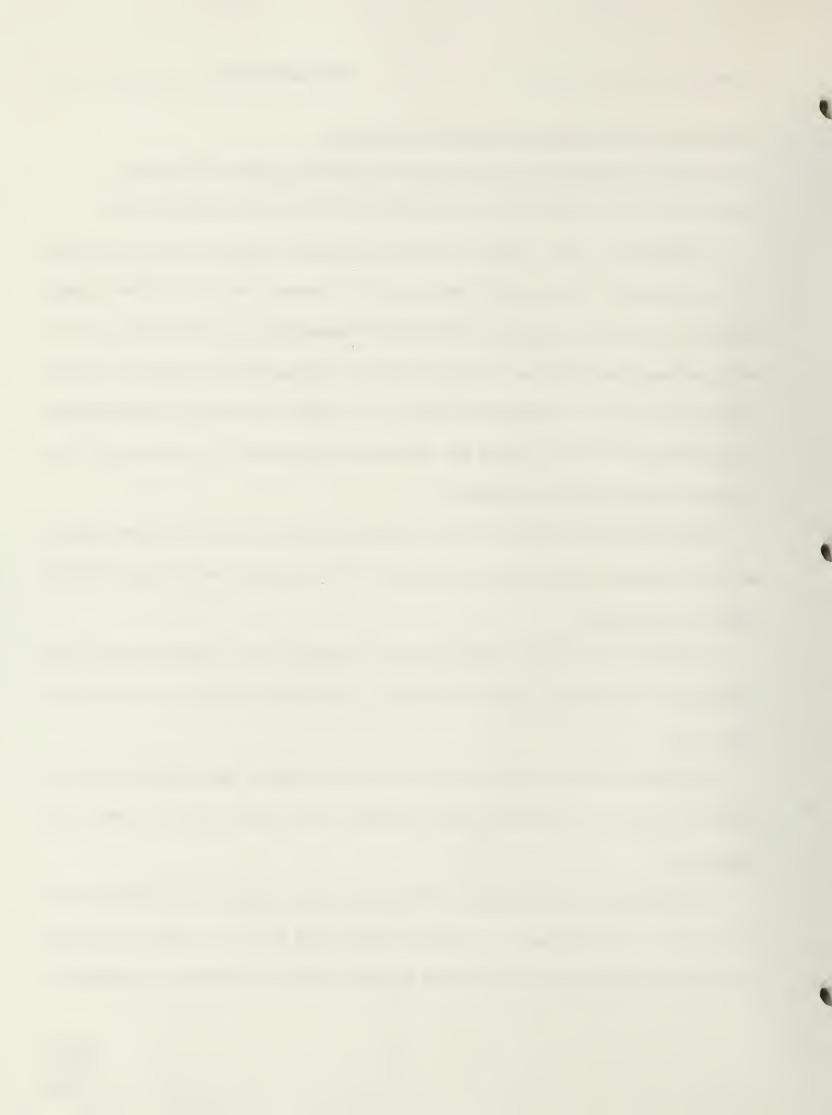
4 **WHEREAS**, on July 1, 1999, the Authority's Executive Director, acting under Section
5 10 of the Authority's Rules and Procedures for the Transfer and Use of Real Property,
6 adopted by the Authority on March 11, 1998 (the "Transfer Rules"), entered into a month-to-
7 month sublease (the "Sublease"), a copy of which is attached hereto as Exhibit A, with W.
8 Wong Construction Inc. ("Subtenant") for the use of a portion of Building 62 (the "Premises")
9 for the storage of files and records and office related equipment, at a rental rate of Two
10 Thousand Dollars (\$2,000) per month; and

11 **WHEREAS**, under Section 10 of the Transfer Rules, even a month-to-month sublease
12 has to be separately approved by the Authority if the cumulative term of such sublease
13 exceeds six months; and

14 **WHEREAS**, on February 9, 2000, the Board of Directors of the Authority approved and
15 authorized the continuation of the Sublease on a month-to-month basis for another six
16 months; and

17 **WHEREAS**, the approved six month extension has expired, and Subtenant wishes to
18 continue to occupy the Premises under the Sublease for at least another six months; now
19 therefore be it

20 **RESOLVED:** That the Board of Directors hereby approves and authorizes the
21 continuation of the Sublease on a month-to-month basis for up to another six months,
22 provided that nothing herein shall limit the Authority's ability to terminate the Sublease on
23
24
25

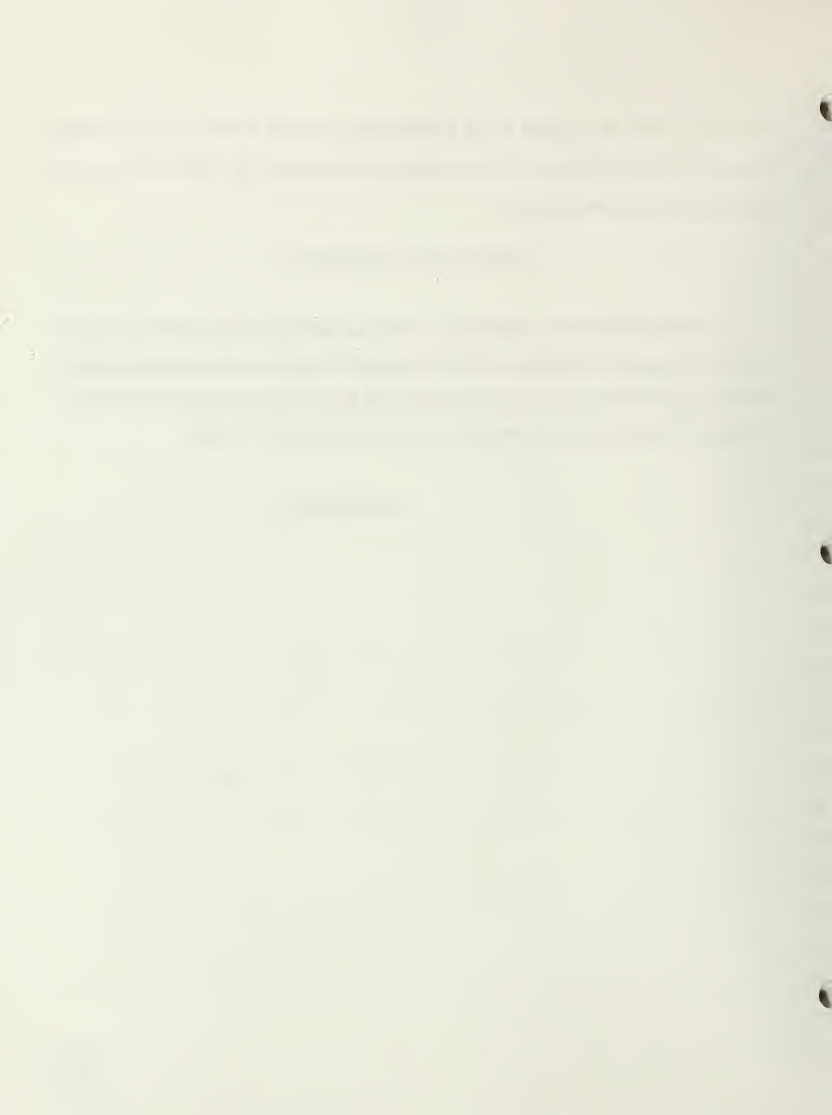


1 thirty days notice as provided in the Sublease and provided further that any continued
2 occupancy of the Premises under the Sublease past February 28, 2001 shall require the
3 separate approval of the Authority.

4 **CERTIFICATE OF SECRETARY**

5
6 I hereby certify that I am the duly elected and acting Secretary of the Treasure
7 Island Development Authority, a California nonprofit public benefit corporation, and
8 that the above Resolution was duly adopted and approved by the Board of Directors
9 of the Authority at a properly noticed meeting on September 13, 2000.
10

11
12 John Elberling
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SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

**W Wong Construction Co., Inc.
as Subtenant**

For the Sublease of

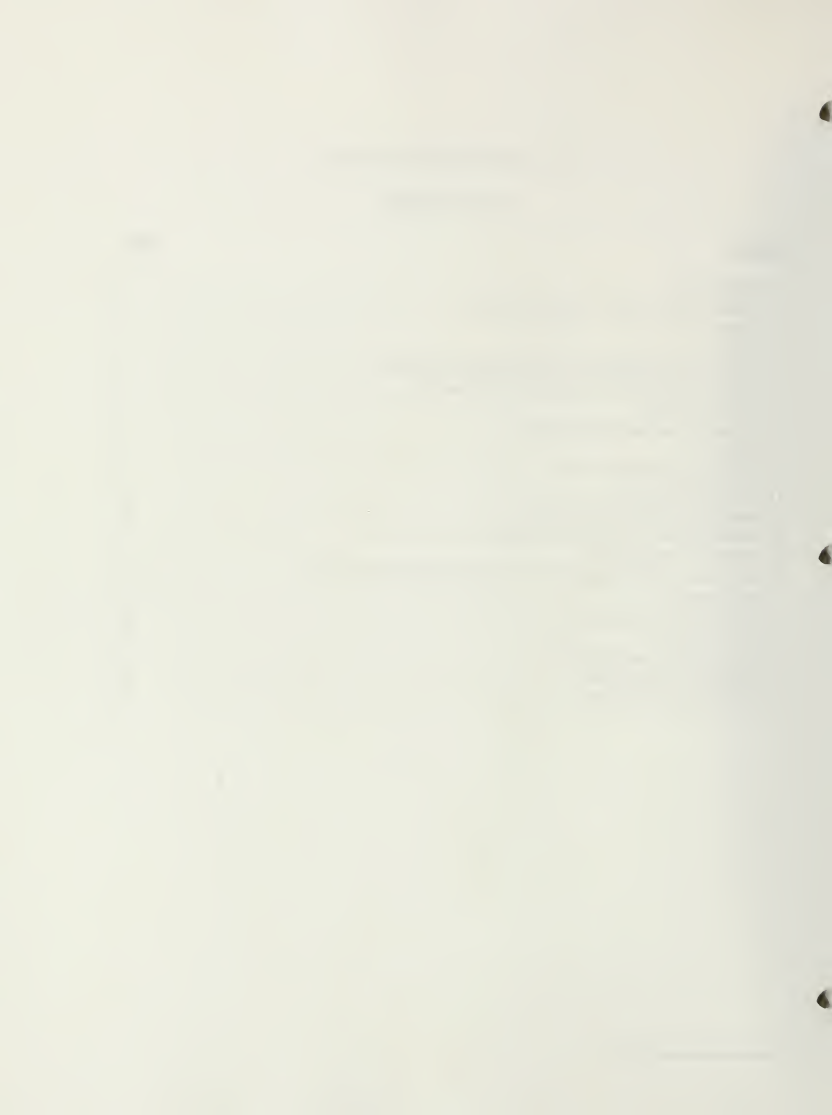
**Building 62 at Treasure Island Naval Station
San Francisco, California**

July 1, 1999

TREASURE ISLAND SUBLEASE

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LIST OF EXHIBITS:

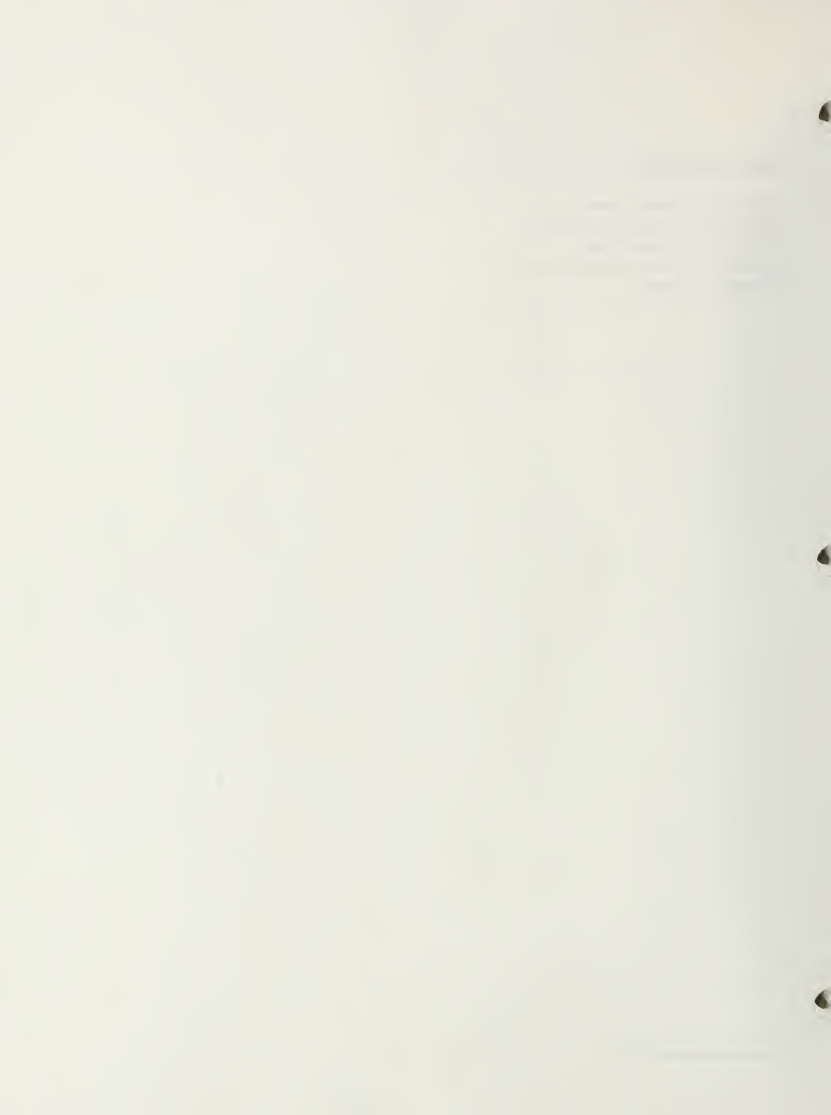
EXHIBIT A -- Master Lease

EXHIBIT B -- Drawing of Premises

EXHIBIT C -- Seismic Report

EXHIBIT D -- Rules and Regulations

EXHIBIT E -- Utilities



TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated for reference purposes only as of July 1, 1999, is by and between the Treasure Island Development Authority ("Sublandlord" or "Authority") and W. Wong Construction Co., Inc., a California corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease (the "Master Lease"), a copy of which is attached hereto as Exhibit A, under which the Master Landlord leased to Sublandlord Building 62 (the "Building") located on Naval Station Treasure Island (the "Property"), together with a non-exclusive right to use certain parking adjacent to the Building, but no other (the "Parking"), all as more particularly shown on Exhibit B attached hereto (together, the "Premises").

B. Subtenant desires to sublet all of the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. PREMISES

1.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises, including the improvements thereon and the non-exclusive right to use the Parking, all as shown on Exhibit B.

1.2. As Is Condition of Premises.

(a) Inspection of Premises. Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them, ("Subtenant's Agents") of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report and the Structural Report referenced in Section 1.2(c) below and the Joint Inspection

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud.

2. The second part of the document outlines the specific requirements for record-keeping. It states that all transactions must be recorded in a timely and accurate manner, and that the records must be maintained for a minimum of five years.

3. The third part of the document discusses the role of the auditor in verifying the accuracy of the records. It states that the auditor must perform a thorough review of the records and must report any discrepancies to the appropriate authorities.

4. The fourth part of the document discusses the consequences of failing to maintain accurate records. It states that individuals or organizations that fail to comply with the record-keeping requirements may be subject to fines, penalties, and even criminal prosecution.

5. The fifth part of the document discusses the importance of training and education in ensuring compliance with the record-keeping requirements. It states that individuals involved in the financial system must receive appropriate training and education to ensure that they are able to maintain accurate records.

6. The sixth part of the document discusses the importance of internal controls in preventing fraud and ensuring the accuracy of the records. It states that organizations must implement strong internal controls to ensure that all transactions are properly recorded and that the records are maintained in a secure and accessible manner.

7. The seventh part of the document discusses the importance of transparency and accountability in the financial system. It states that all transactions must be transparent and that the records must be accessible to the appropriate authorities for review and audit.

8. The eighth part of the document discusses the importance of ongoing monitoring and evaluation of the record-keeping system. It states that organizations must regularly review and evaluate their record-keeping system to ensure that it remains effective and efficient.

9. The ninth part of the document discusses the importance of collaboration and communication between the various stakeholders in the financial system. It states that all parties involved must work together to ensure that the record-keeping system is properly implemented and maintained.

10. The tenth part of the document discusses the importance of staying up-to-date with the latest developments in record-keeping technology and practices. It states that organizations must regularly update their record-keeping system to reflect changes in technology and best practices.

Report referenced in Section 6 of the Master Lease. Subtenant further represents and acknowledges that Subtenant has conducted independent investigations by qualified professionals which determined that the load bearing capacity of the floors in the Building are sufficient to support the materials to be stored therein pursuant to this Sublease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises ("Laws") governing the use, occupancy, management, operation and possession of the Premises. Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord nor any of its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below) (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and/or otherwise permitted under this Sublease, (v) the safety of the Premises, whether for the use of Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 1.2 (b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco, (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils on the Property and affecting the Building and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend of increasing activity over time.

4. The fourth part of the document discusses the implications of the findings. It suggests that the results have significant implications for the field of study and may lead to further research in this area.

5. The fifth part of the document concludes the study. It summarizes the main findings and provides a final statement on the importance of the research.

more feet and/or result in other risks. In that event, there is a significant risk that the Building and any other structures or improvements located on or about the Premises, may fail structurally and collapse.

2. COMPLIANCE WITH MASTER LEASE

2.1. Incorporation by Reference. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein

2.2. Conflict. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then for purposes of determining the rights and obligations of the Sublandlord and the Subtenant insofar as they relate to one another, the terms of the Master Lease shall govern.

2.3. Compliance with Master Lease. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any work, services, repairs, repainting, restoration, the provision of utilities, ventilation or air-conditioning services, or the performance of any of Sublandlord's or Master Landlord's obligations under the Master Lease.

2.4. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

3. TERM

3.1. Term of Sublease. The term of this Sublease shall commence on July 1, 1999 (the "Commencement Date") and continue on a month-to-month basis until either party elects, in its respective sole and absolute discretion, to terminate this Sublease by giving the other party at least thirty (30) days written notice, unless sooner terminated pursuant to the terms of this Sublease. Notwithstanding the foregoing, the Sublease shall not extend beyond December 31, 1999 and Subtenant may not hold over or otherwise occupy the Premises beyond such date.

3.2. Effective Date. This Sublease shall become effective on the date (the "Effective Date") upon which the Parties hereto have duly executed and delivered this Sublease.

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF PHYSICS

RESEARCH REPORT

REPORT NO. 1000
JANUARY 1960
BY
J. J. KILPATRICK
AND
J. J. KILPATRICK

DEPARTMENT OF PHYSICS
UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS 60637
U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON, D.C. 20540

PHYSICS DEPARTMENT
UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS 60637
U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON, D.C. 20540

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PHYSICS DEPARTMENT
UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS 60637
U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON, D.C. 20540

4. RENT

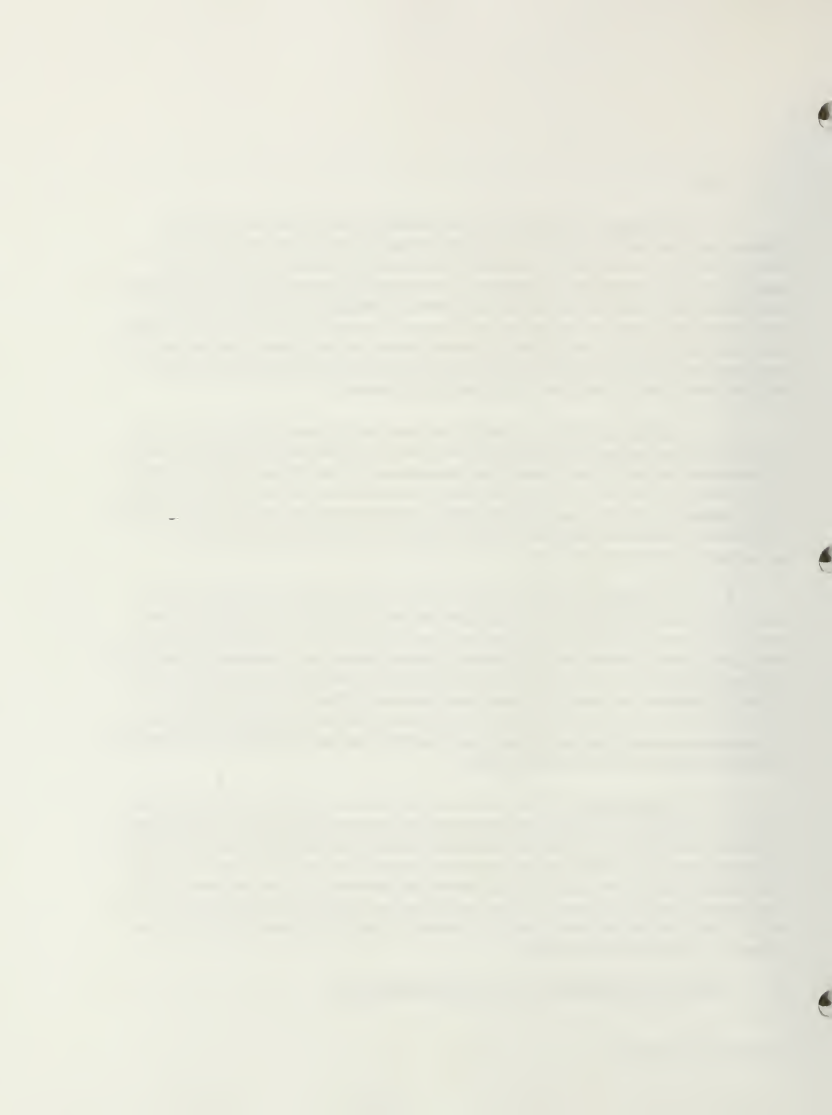
4.1. **Base Rent.** Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord Two Thousand Dollars (\$2,000.00) per month (the "Base Rent"). Base Rent shall be paid to the Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall prorated based on a thirty (30) day month.

4.2. **Additional Charges.** In addition to Base Rent, Subtenant shall pay any and all real property taxes, possessory interest taxes and other costs, impositions and expenses related to Subtenant's use of the Premises, plus all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder and all utility charges (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

4.3. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

4.4. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of the greater of the ten percent (10%) or the interest rate in effect which has been established by the Secretary of Treasury pursuant to Public Law, as described in Section 32 of the Master Lease. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

5. TAXES, ASSESSMENTS AND OTHER EXPENSES



5.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

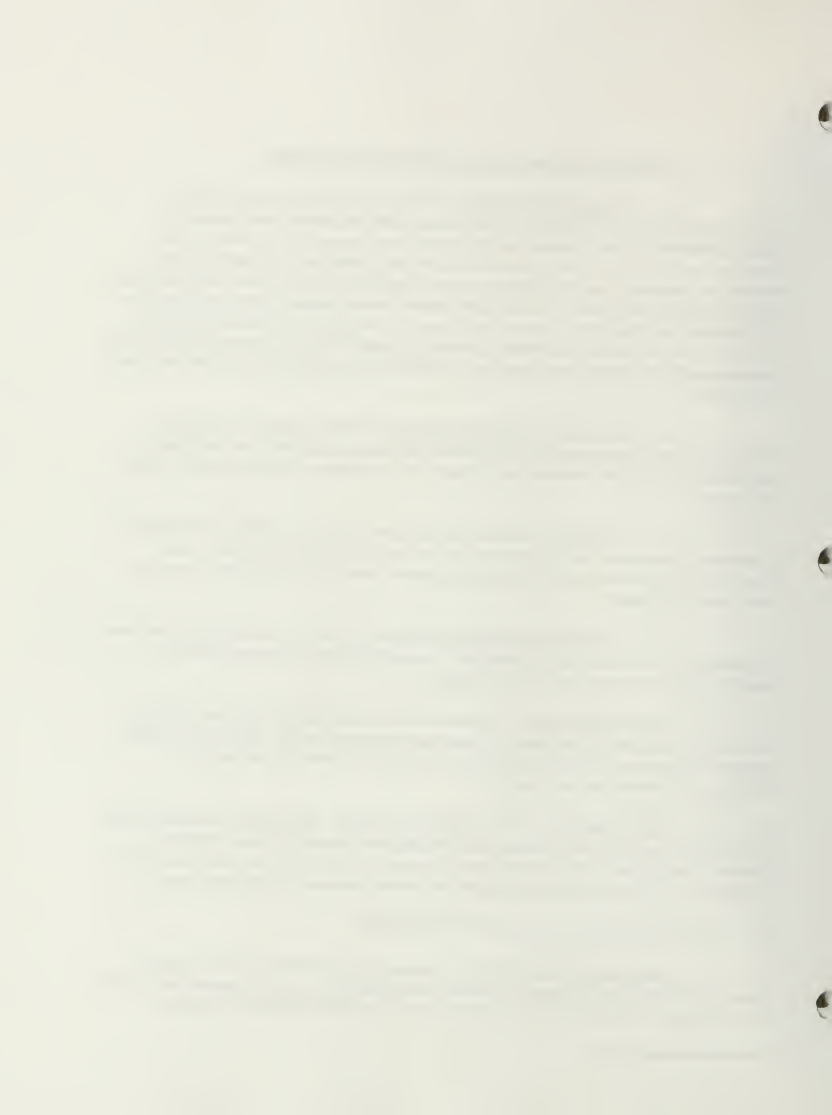
(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

5.2. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

5.3. **Other Expenses.** This is a "triple net" Sublease. Accordingly, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any utilities, maintenance or services necessary for Subtenant's use.

6. USE; COVENANTS TO PROTECT PREMISES

6.1. **Subtenant's Permitted Use.** Subtenant may use the interior of the Building located on the Premises for storage of files and records and office related equipment only, and for no other purpose. BECAUSE OF CONCERNS REGARDING POTENTIAL SEISMIC



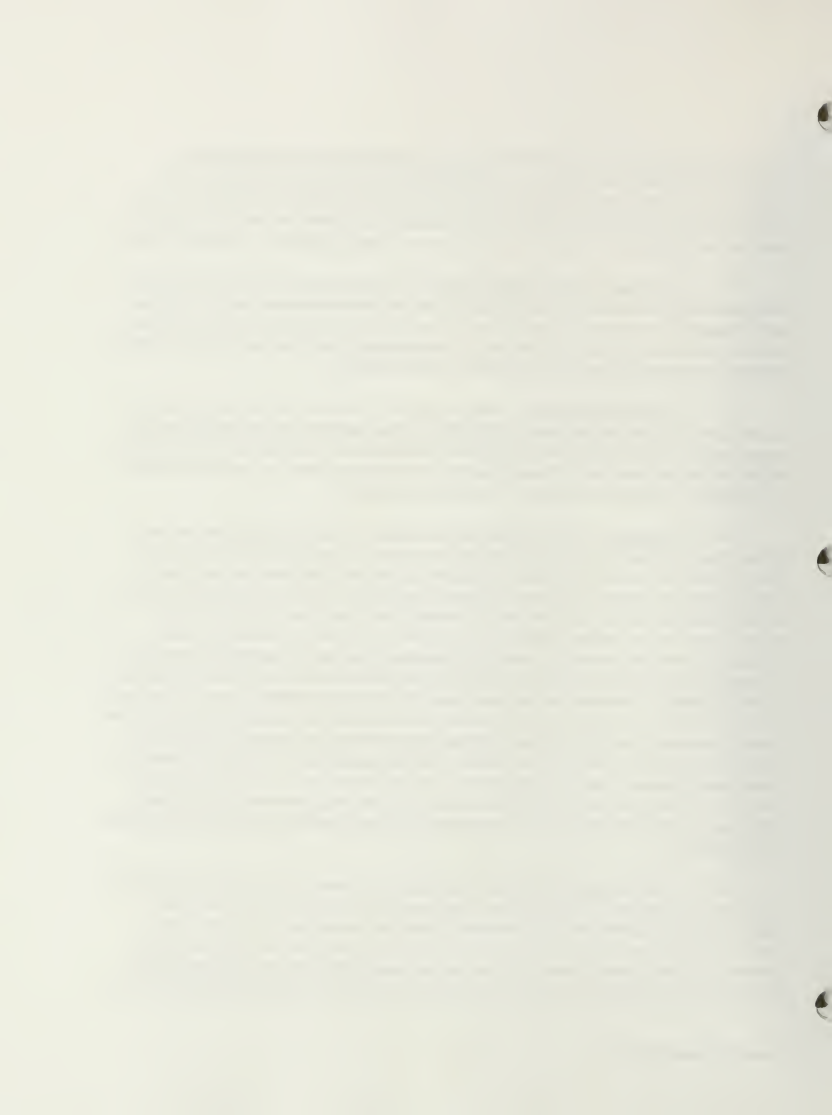
HAZARDS RELATED TO THE STRUCTURAL CONDITION OF THE PREMISES, SUBTENANT SHALL NOT PERMIT ANY PERSONS TO ENTER OR OCCUPY THE PREMISES, EXCEPT FOR PERIODIC ACCESS TO THE MATERIALS STORED IN THE PREMISES, AS PROVIDED IN SECTION 6.2 BELOW. Subtenant may use the parking areas described on Exhibit B for parking only. Any other use of such parking area is strictly prohibited.

6.2. Subtenant's Access to the Premises. Subtenant may not occupy the Premises. Subtenant will have access to the Premises only to add and remove materials contained therein and to ensure that such materials remain stored in a reasonably satisfactory condition. Subtenant may not perform any work on or related to such materials within the Premises, including, without limitation, any substantial review or cataloging of such materials.

6.3. Rules and Regulations. Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time and which are provided to Subtenant in advance of the enforcement thereof.

6.4. Easements. This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"), provided that, as provided in Section 28 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

6.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over the Subtenant's use of the Premises in the event of any conflict, provided, however,



in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operations hereunder.

6.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises or on or about the Property.

7. ALTERATIONS

7.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions in, to or about the Premises (together, the "Alterations") without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of such construction at all times.

7.2. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to the Building (i) which will affect the historic characteristics of the Building or modify the appearance of the exterior of the Building without Master Landlord's and Sublandlord's prior written consent or (ii) if such Alterations would preclude qualifying the Building for inclusion on the National Register for Historic places.

7.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 7 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the

provisions of this Section 7, requires as a condition to approval of any such Alterations that such Alterations remain on the Premises following the expiration or termination of this Sublease or unless Sublandlord as a condition of such approval reserves the right to elect by notice to Subtenant not less than fifteen (15) days prior to the end of the Term to have such Alterations remain on the Premises.

7.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and may be removed by it subject to the provisions of Section 18 hereof.

7.5. Sublandlord's Alterations of the Building and Building Systems. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the Building or the Building Systems, provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for purposes stated herein.

8. REPAIRS AND MAINTENANCE

8.1. Subtenant Responsible for Maintenance and Repair. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date or in the event the Premises are damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty not caused by Subtenant. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

8.2. Utilities. Sublandlord shall provide the basic building utilities and services described in Exhibit E, (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole costs, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay as Additional Charges,

without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

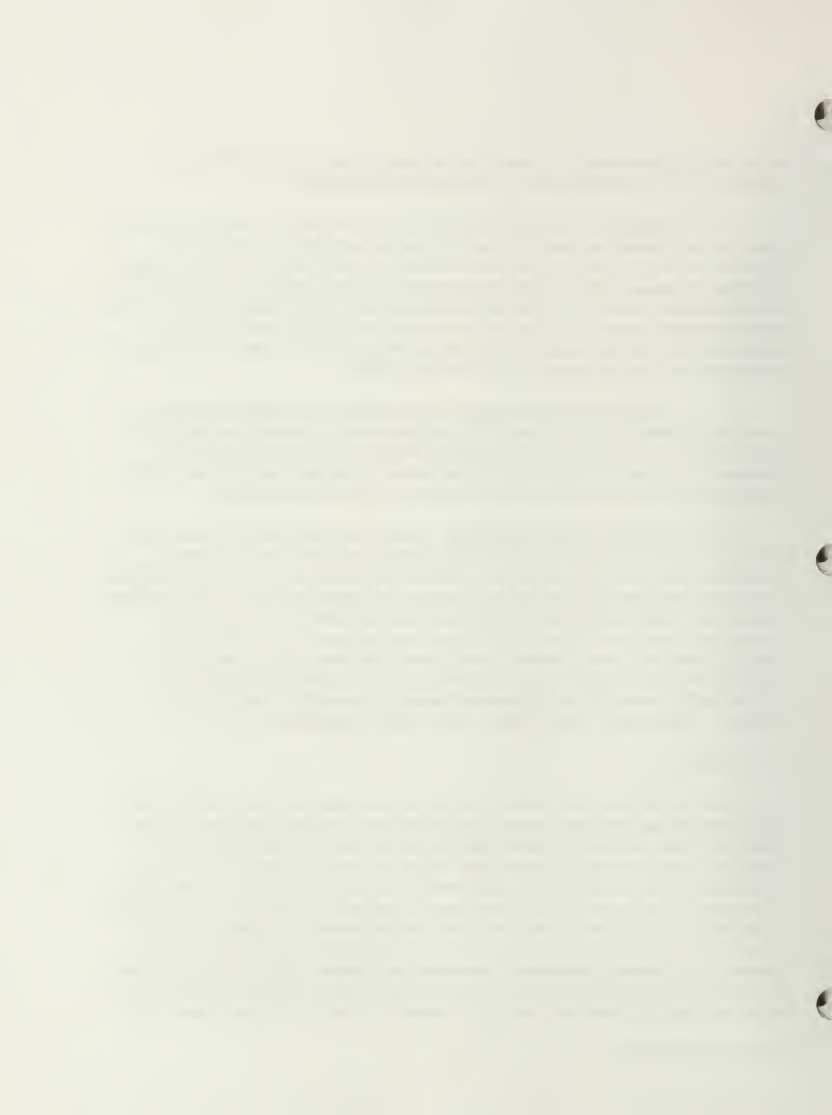
8.3. Floor Load. Without Sublandlord's prior written consent, which Sublandlord may give or refuse in its sole discretion, Subtenant shall not place or install in the Premises any equipment that weighs in excess of the normal load-bearing capacity of the floors of the Building. If Sublandlord consents to the placement or installation of any such machine or equipment in the Premises, Subtenant at its sole expense shall reinforce the floor of the Premises, pursuant to plans and specifications approved by Sublandlord and otherwise in compliance with Section 7 [Alterations] to the extent necessary to assure that no damage to the Premises or the Building or weakening of any structural support will be occasioned thereby.

8.4. Other maintenance Services. Without limiting any of its other obligations hereunder, Subtenant shall provide and perform, at its sole cost, (i) reasonable janitorial services for the Premises, (ii) pest control services required within the Premises, and shall keep the Premises free of all pests at all times and (iii) shall deposit all trash into designated containers in the Building and shall pay for the removal of trash from such designated containers

8.5. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or and any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

9. LIENS

Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens.



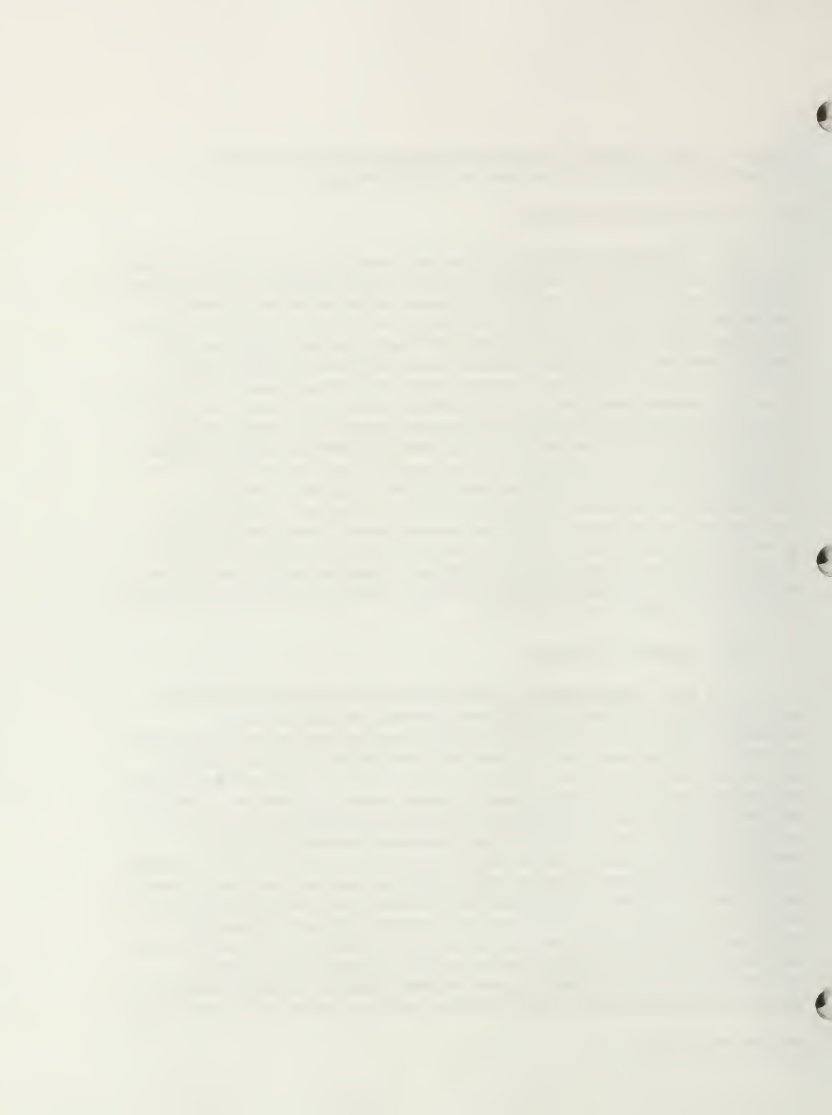
Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

10. COMPLIANCE WITH LAWS

10.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary, provided however, that Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises (including, without limitation, in the event the Premises are damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty not caused by Subtenant), unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C.S. §§ 12101 *et seq.* and Title 24 of the California Code of Regulations, all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

10.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") the Sublandlord, the City and County of San Francisco ("City") and the Master Landlord including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting



by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties") against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

10.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

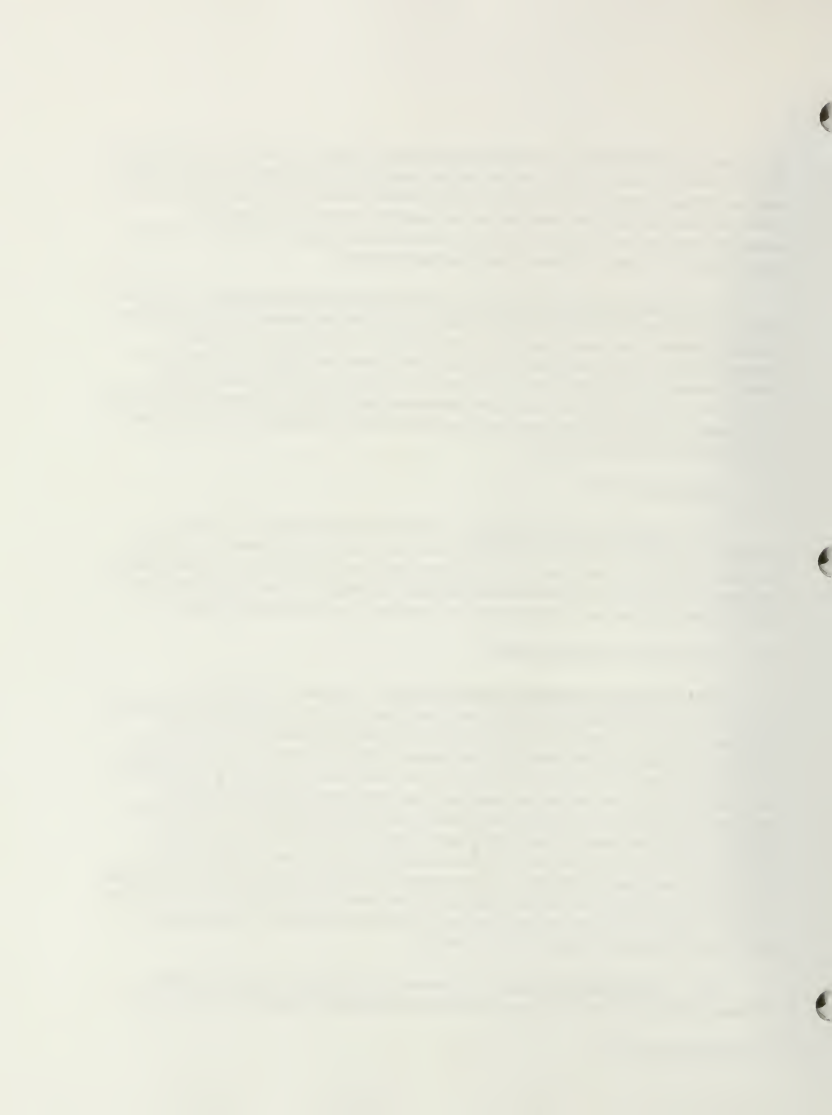
11. ENCUMBRANCES

11.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

12. DAMAGE OR DESTRUCTION

12.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire or any other casualty, not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, whether insured or uninsured, which prevents Subtenant from operating the Premises for the purposes stated herein and the cost of repairing such damage exceeds Ten Thousand Dollars (\$10,000), either Party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 18 and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 12.1, Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any changes made in strict accordance with the requirements of Section 7 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of such a casualty.

12.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 12.1 above, there



shall be no abatement in the Rent payable hereunder.

12.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises, without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion.

14. DEFAULT; REMEDIES

14.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) **Rent.** Any failure to pay Rent or other sums, including sums due for utilities, within five (5) days after such sums are due;

(b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease, provided Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.

(c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days; and

(d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of



creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted.

14.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by law California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

14.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

15. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

15.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights

against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Building due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the gross negligence or willful misconduct of the Indemnified Parties (except as provided in Section 15.1(e) below). Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES, the

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The text also mentions the need for regular audits and the role of internal controls in ensuring the reliability of the data.

2. The second part of the document focuses on the challenges faced by organizations in implementing effective risk management strategies. It highlights the complexity of identifying and assessing risks, particularly in a rapidly changing environment. The text suggests that organizations should adopt a proactive approach to risk management, involving all levels of the organization and utilizing a variety of tools and techniques to identify and mitigate potential threats.

3. The third part of the document discusses the importance of maintaining a strong corporate culture. It argues that a culture of integrity and ethical behavior is essential for the long-term success of any organization. The text also mentions the need for ongoing training and development to ensure that employees are equipped with the skills and knowledge necessary to uphold the organization's values.

4. The fourth part of the document focuses on the importance of maintaining accurate financial statements. It emphasizes that financial statements are a key source of information for investors, creditors, and other stakeholders. The text also mentions the need for transparency and accountability in the reporting process, and the role of external auditors in verifying the accuracy of the data.

5. The fifth part of the document discusses the importance of maintaining a strong relationship with the community. It argues that organizations have a responsibility to the community in which they operate, and that this responsibility extends beyond the pursuit of profit. The text suggests that organizations should engage in social and environmental activities that benefit the community, and that they should be transparent about their impact on the environment and society.

Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the Indemnified Parties decision to Sublease the Premises to the Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.

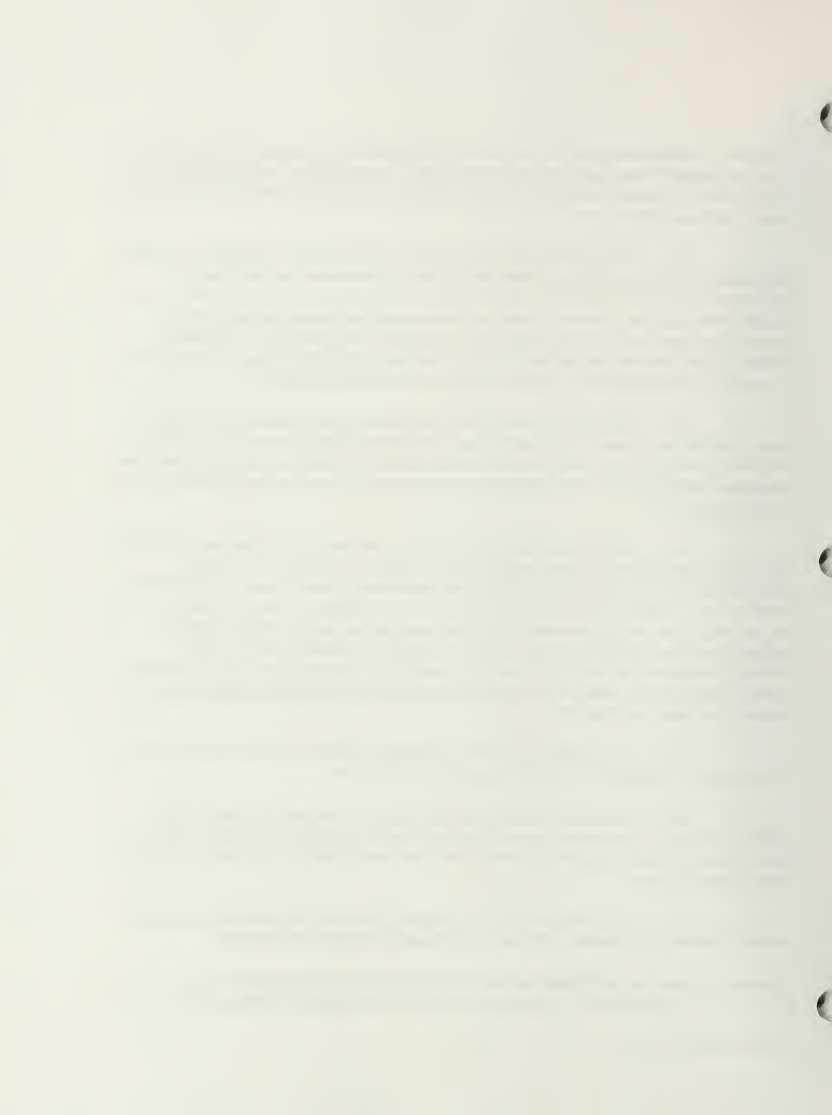
(g) Without limiting any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with (i) any construction work or other services that Subtenant may have performed on the Property on behalf of or related to the City or the Authority, whether or not such work has been or may be invoiced or otherwise billed to the City or the Authority, or (ii) Subtenant's prior use or occupancy of any building or other property located on or about the Property.

(h) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(i) Subtenant had made such investigation of the facts pertaining to these waivers and releases it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(j) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which



if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

15.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses, expressly including but not limited to, any Losses arising out of a partial or complete collapse of the Building due to an earthquake or subsidence, incurred in connection with or arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees, (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) the condition of the Premises, including the Building, (f) any construction or other work undertaken by Subtenant on or about the Premises whether before or during the Term of this Sublease; or (g) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, or of any trespassers, in, on or about the Premises or any Alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused by the gross negligence and intentional wrongful acts and omissions of the Indemnified Parties. Notwithstanding the foregoing, Subtenant's obligations to indemnify the Indemnified Parties under this Section 15.2 shall remain in full force and effect regardless of whether or not the Indemnified Parties' decision to Sublease the Premises to the Subtenant, given the seismic condition of the property, is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease. Notwithstanding anything contained herein, to the extent such

Losses are not covered by insurance required herein and subject to Section 12.1 above, Subtenant shall have no obligation to repair, restore or reconstruct the Premises (or to pay for the same) to correct or repair any conditions that existed prior to the Commencement Date of this Sublease or in the event the Premises are damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty not caused by Subtenant.

16. INSURANCE

16.1. Subtenant's Insurance. Subtenant shall procure and maintain throughout the Term of this Sublease and pay the cost thereof the following insurance:

(a) **Property Insurance.** Subtenant shall procure and maintain, at its own cost, a standard fire and extended coverage insurance policy insuring the Premises, including, without limitation, the Building and all fixtures, Alterations, furniture and equipment located thereon, in an amount not less than their full replacement value.

(b) **Public Liability and Other Insurance.** Subtenant shall at all times, at its cost, also maintain insurance for the mutual benefit of Sublandlord and Subtenant against:

(i) Claims for personal injury under a policy of commercial general liability insurance, including without limitation, liquor liability insurance, claims for bodily injury, property damage or employer's liability occurring in or upon the Premises arising from earthquakes or subsidence, in an amount not less than \$1,000,000 combined single limit. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(ii) Worker's compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than \$1,000,000 each accident.

(iii) Automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

16.2. General Requirements. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.

(a) Should any of the required insurance be provided under a claims-made

form, Subtenant shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of one (1) year beyond the expiration or termination of this Sublease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall be increased by Five Hundred Thousand Dollars (\$500,000) over the claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Subtenant as the insured and the Sublandlord as an additional insured.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

(iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to the address(es) for Sublandlord set forth in the Basic Sublease Information.

16.3. Proof of Insurance. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(b)(1) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such policies or certificates, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.

16.4. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or



any of Subtenant's other obligations or liabilities under this Sublease.

16.5. Lapse of Insurance. Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

16.6. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

16.7. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by their respective policies of insurance, Sublandlord and Subtenant each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Premises and their contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the Premises, or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the Premises carried by Subtenant does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Subtenant shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against Sublandlord or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

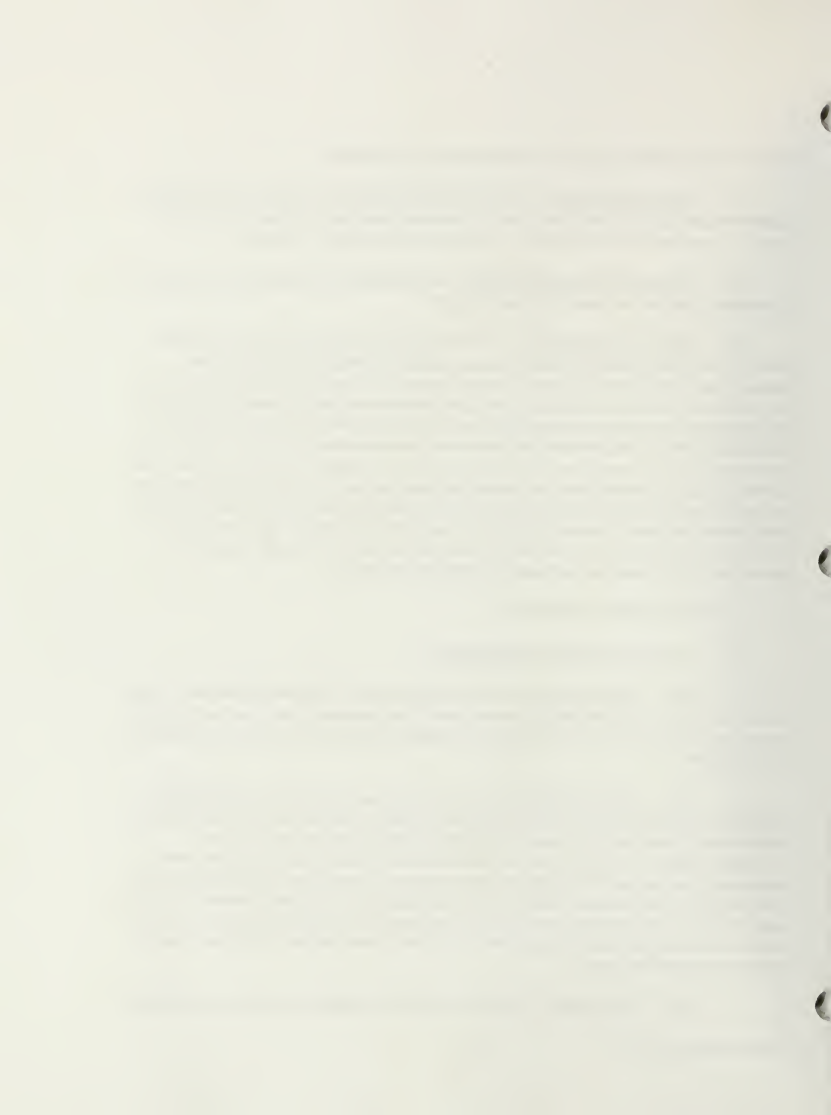
17. ACCESS BY SUBLANDLORD

17.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant



hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

17.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

18. SURRENDER

18.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other Encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law.

If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises.

19. HAZARDOUS MATERIALS

19.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend in the relationship between the variables studied.

4. The fourth part of the document discusses the implications of the findings. It explores the potential applications of the research and the limitations of the study. It also suggests areas for further research and investigation.

5. The fifth part of the document provides a conclusion and a summary of the key findings. It reiterates the importance of the research and the need for continued efforts in this field.

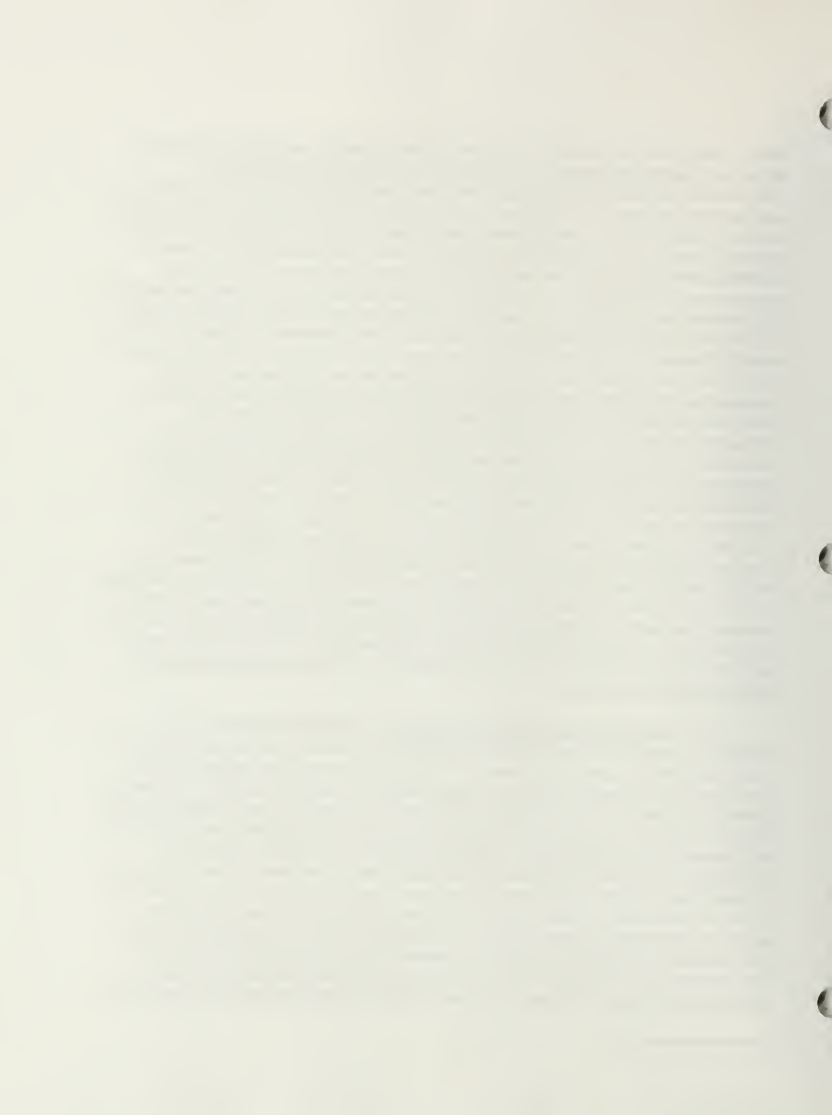
6. The sixth part of the document includes a list of references and a bibliography. It cites the works of other researchers and scholars who have contributed to the field of study.

7. The seventh part of the document contains a list of appendices and supplementary materials. These include additional data, charts, and documents that support the main text of the report.

8. The eighth part of the document is a final section that provides a brief overview of the entire report. It serves as a quick reference for readers who want to know the main points of the study.

health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Without limiting the foregoing, Subtenant acknowledges and agrees that it shall be bound by and will comply with the environmental protection provisions provided for in Section 13 of the Master Lease.

19.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 19.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against all any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of



the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

19.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease.

20. GENERAL PROVISIONS

20.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord: Treasure Island Development Authority
Treasure Island Project Office
401 Palm Avenue
Building 1, Room 217
Treasure Island
Attn: Executive Director
Fax No.: 415-274-0299

with a copy to: Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: Michael S. Cohen



Fax No.: (415) 554-4755

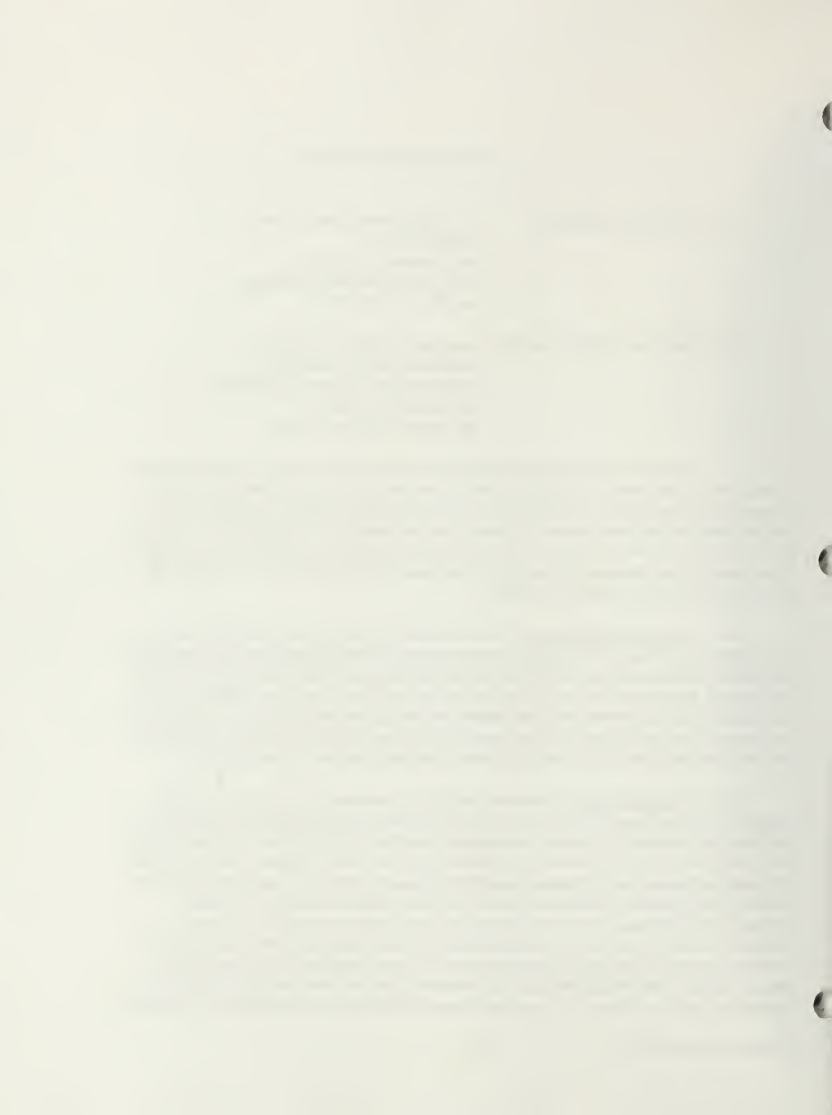
Notice Address of Subtenant: W. Wong Construction Co., Inc.,
3650 18th Street
San Francisco, CA 941110
Attn: Mr. Walter Wong, President
Fax No. (415) 864-3838

Notice Address of Master Landlord: Commanding Officer (Code 24)
Engineering Field Activity West
Naval Facilities Engineering Command
900 Commodore Drive
San Bruno, California 94066

Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 20.1 and applicable Laws, shall be deemed receipt of such notice.

20.2. Estoppel Certificates. Upon Sublandlord's request, Subtenant shall execute, acknowledge and deliver to Sublandlord, or such persons or entities designated by Sublandlord, a statement in writing certifying: (a) the Commencement Date and Term of this Sublease, (b) that this Sublease is unmodified and in full force and effect (or, if there have been modifications, that the Sublease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Sublease (or if so, specifying the same), (d) the dates, if any, to which the Rent has been paid, and (e) any other information reasonably required by the Sublandlord.

20.3. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount of Two Thousand Dollars (\$2,000.00) as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's



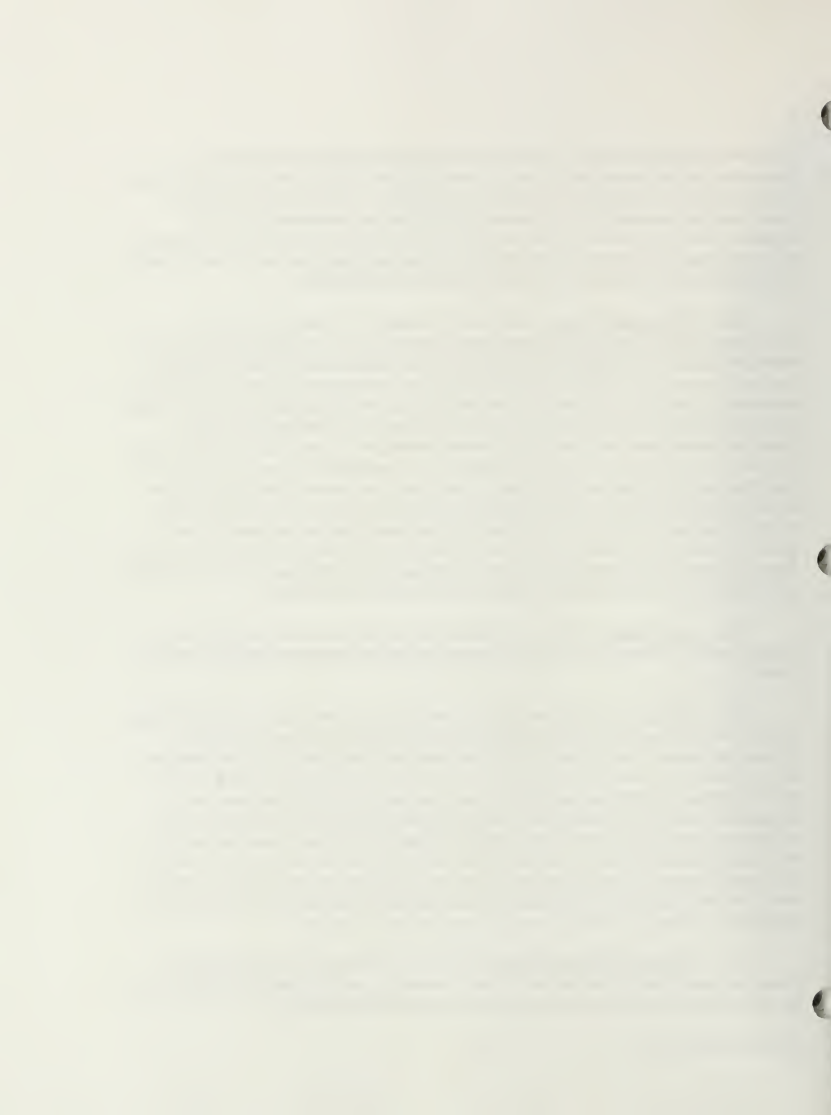
obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 20.3, Sublandlord shall return such security deposit to Sublandlord within thirty (30) days of the termination of this Sublease.

20.4. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial Rent during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

20.5. Amendments. Neither this Sublease nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

20.6. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosure set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

20.7. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

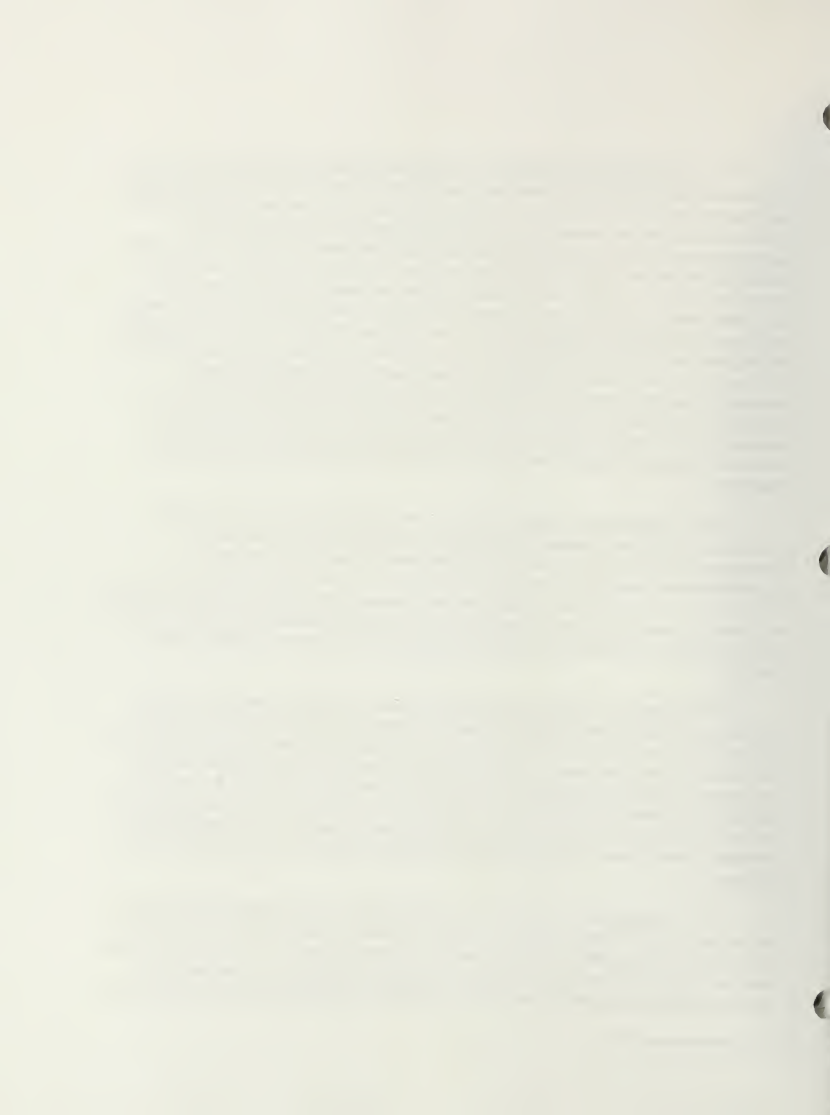


20.8. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

20.9. Successors and Assigns. Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

20.10. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

20.11. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.



20.12. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

20.13. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein. Notwithstanding the foregoing, the Parties shall make a good faith effort to negotiate mutually acceptable changes to this Sublease, if any, within ninety (90) days of the date hereof, provided however, that such changes, if any, shall be subject to the approval of the Master Landlord.

20.14. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees.

20.15. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

20.16. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

20.17. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

20.18. Relationship of Parties. Sublandlord is not, and none of the provisions in this



Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

20.19. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

20.20. Non-Liability of Indemnified Parties' officials, employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Agreement.

20.21. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

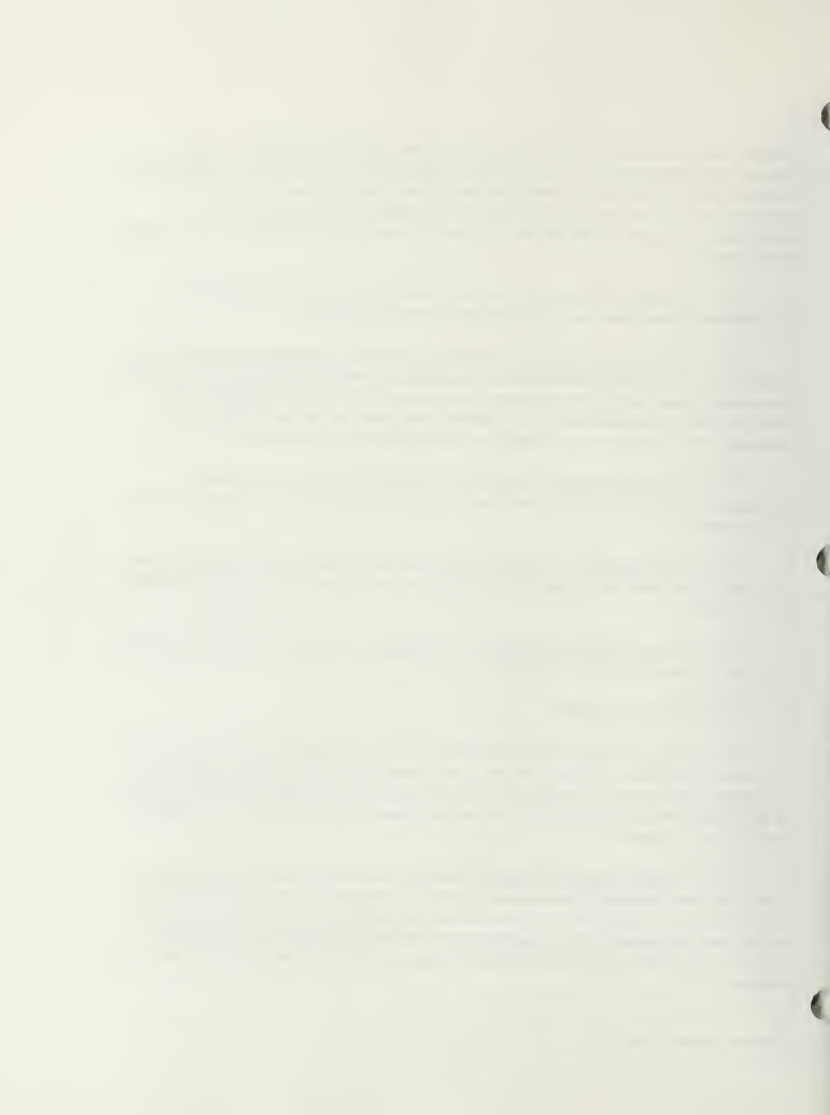
20.22. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20.23. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord

21. SPECIAL PROVISIONS

21.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Building or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

21.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Building and encouraging use of such facilities, all at Subtenant's sole expense.



21.3. Non-Discrimination.

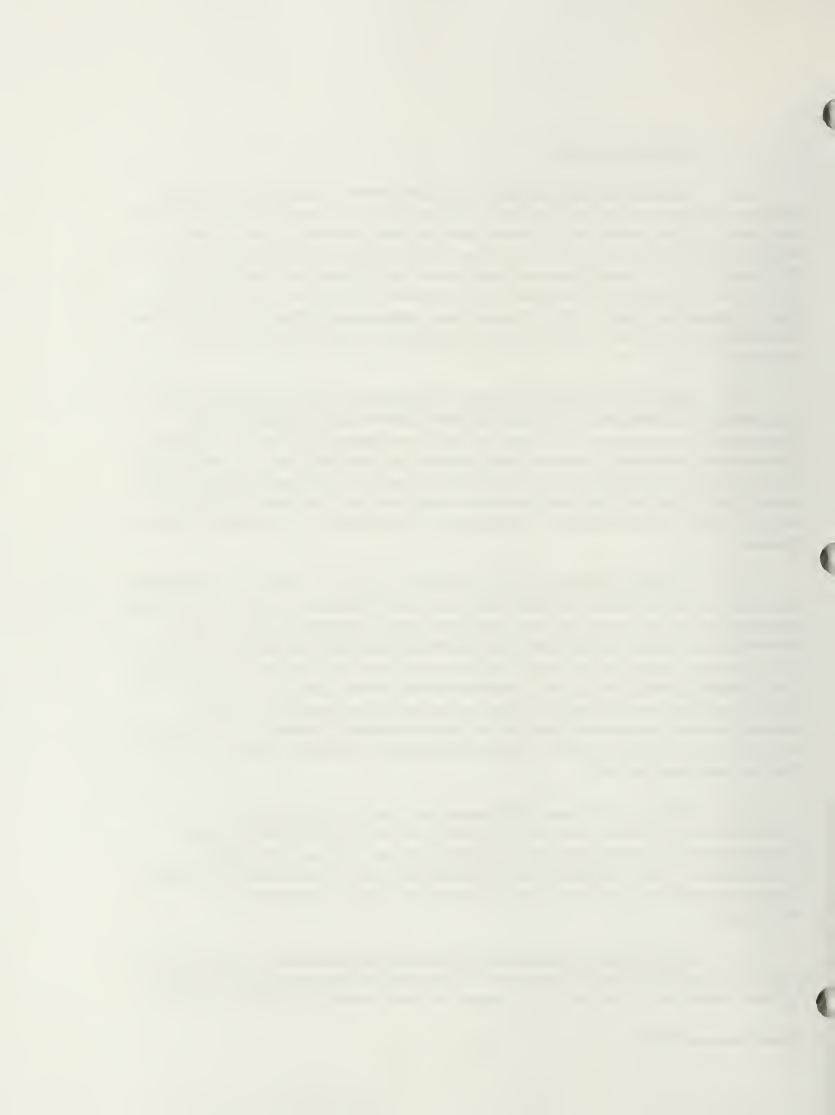
(a) Covenant Not to Discriminate. In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) Subleases and Other Subcontracts. Subtenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) Non-Discrimination in Benefits. Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, Subtenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference



and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

21.4. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Sublease with respect to a Taking.

21.5. MacBride Principles - Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

21.6. Tropical Hardwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

21.7. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

21.8. Burma (Myanmar) Business Prohibition. Subtenant is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a "prohibited person or entity" as defined in Section 12J.2(G) of the San Francisco Administrative

Code. The Authority reserves the right to terminate this Sublease for default if Subtenant violates the terms of this clause.

Chapter 12J of the San Francisco Administrative Code is hereby incorporated by reference as though fully set forth herein. The failure of Subtenant to comply with any of its requirements shall be deemed a material breach of this Sublease. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 12J of the San Francisco Administrative Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit under this Sublease, or 10% of the total amount of the Sublease, or \$1,000, whichever is greatest. Subtenant acknowledges and agrees the liquidated damages assessed shall be payable to the Authority upon demand and may be setoff against any moneys due to the Subtenant from this Sublease.

21.9. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the City or the Authority, including the Premises and the Property. This prohibition includes the placement of the name of a company producing selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

W. Wong Construction Co., Inc.,
a California Corporation

By: Walter Wong

Its: James

Date: 7-13-99

SUBLANDLORD:

The Treasure Island Authority

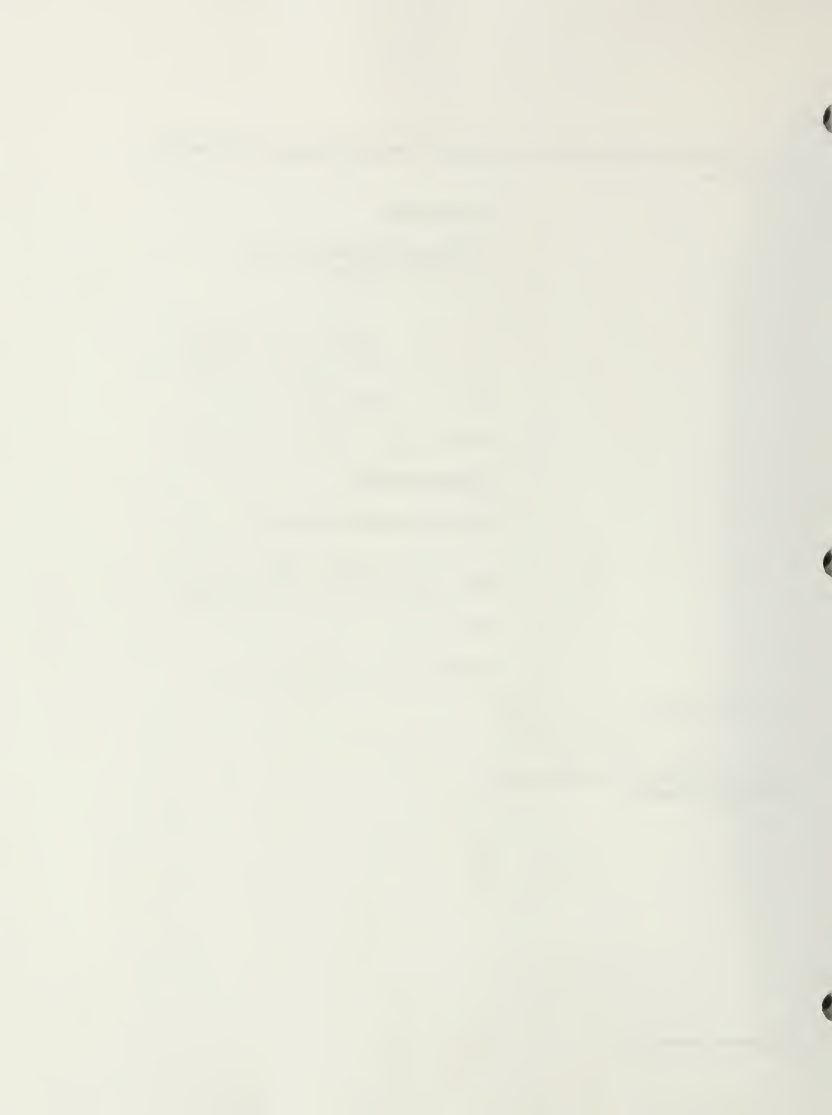
By: Robert M. Wong

Its: _____

Date: _____

Approved as to Form:

Michael Cal
Deputy City Attorney





TREASURE ISLAND DEVELOPEMNT AUTHORITY
City and County of San Francisco

Agenda Item No. 10

September 13, 2000

Subject: Resolution authorizing the Authority to amend the Sublease dated October 1, 1998 to reduce the premises by excluding Building 298

Staff Contact: London Breed, Development Specialist 274-0665

SUMMARY OF PROPOSED ACTION

Staff requests the Authority to adopt a resolution to amend the premises of the Sublease dated October 1, 1998 to reduce the premises by excluding Building 298

DICUSSION

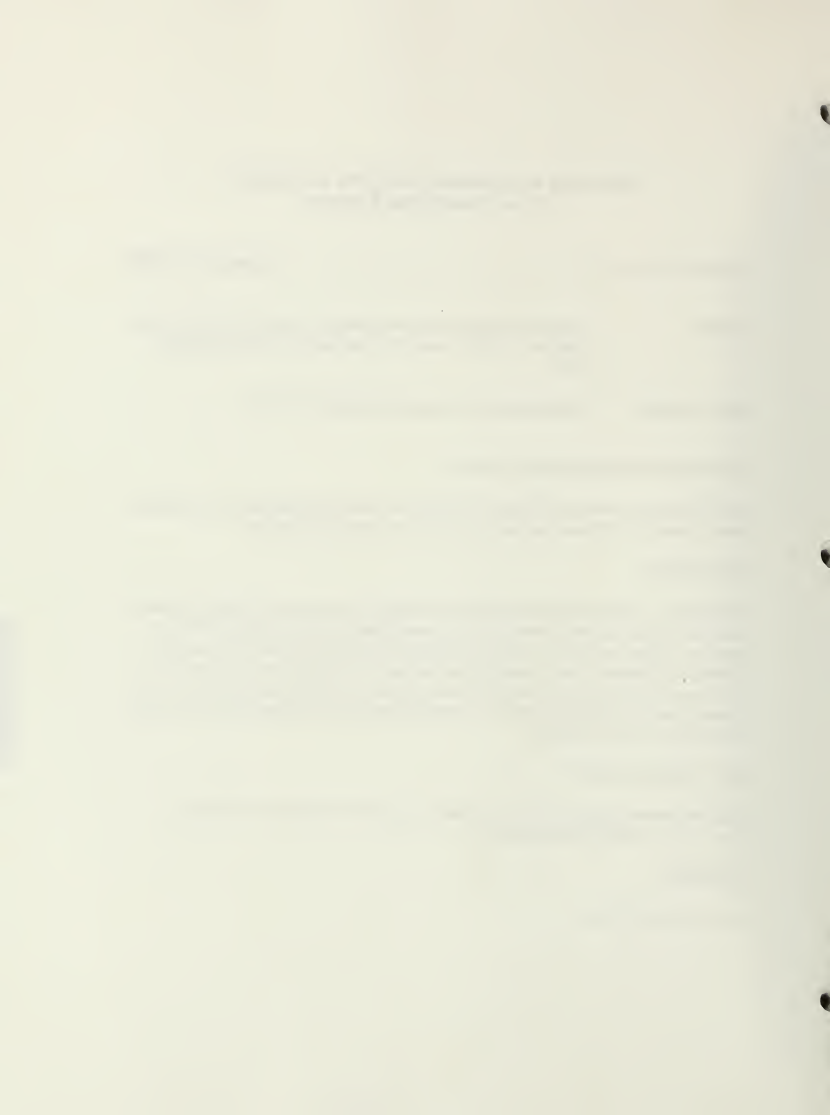
On October 1, 1998, the Treasure Island Development Authority entered into a sublease with the Delancey Street Foundation for the use of Buildings 183, 298, and 229 to be used as a coffee shop/cafe, a vocational program for culinary arts and a Life Learning Academy. Delancey Street Foundation has informed the Authority that they no longer wish to use Building 298 and would like the property excluded from the sublease. The intended purpose of Building 298 as a vocational program for culinary arts, is no longer an objective of the Foundation.

RECOMMENDATION

Staff recommends approval for the Authority to amend the sublease to reduce the premises by excluding Building 298.

EXHIBITS

Map of Leased Premises



[Sublease of Buildings 183, 298, and 229]

AUTHORIZING THE EXECUTIVE DIRECTOR TO AMEND THE SUBLEASE WITH
DELANCEY STREET FOUNDATION TO REDUCE THE PREMISES BY EXCLUDING
BUILDING 298.

WHEREAS, on September 16, 1998, the Board of Directors of the Authority approved a sublease (the "Sublease"), a copy of the Sublease, as amended, is attached hereto as Exhibit A, with Delancey Street Foundation ("Subtenant") for the use of Buildings 183, 298, and 229 (the "Premises") for a coffee shop/café, a vocational program for culinary arts, and the Life Learning Academy; and

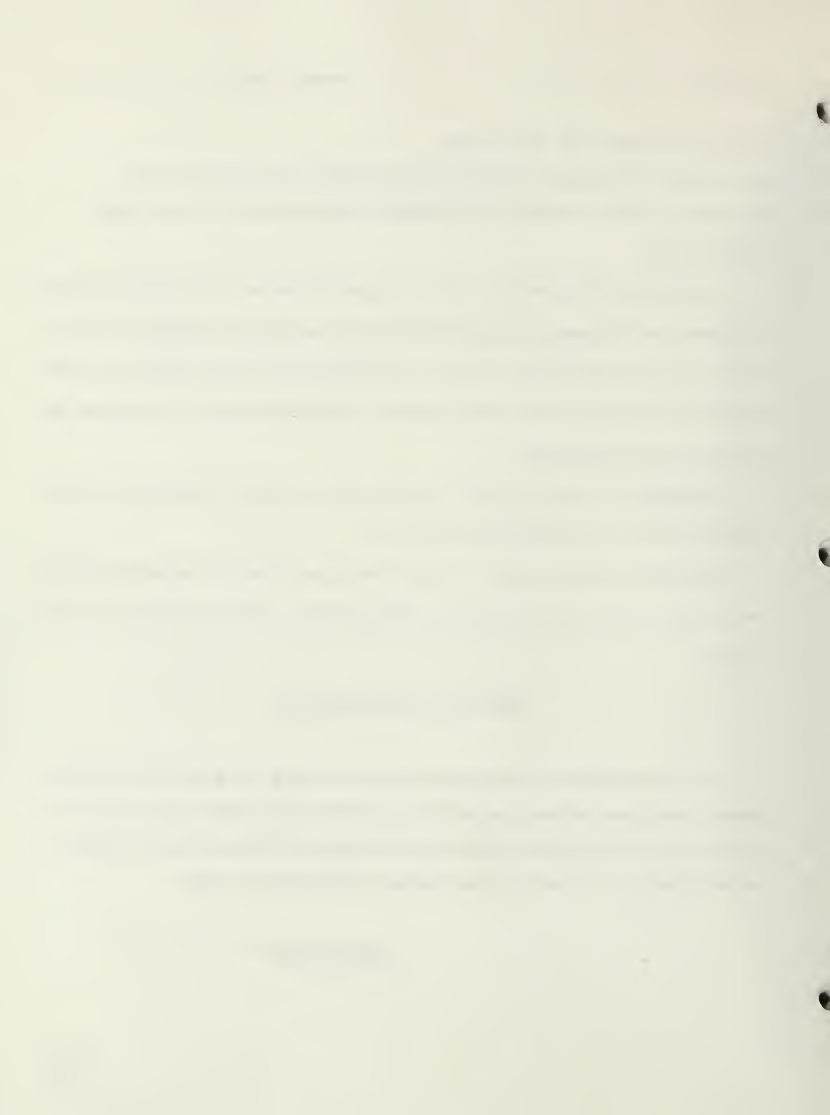
WHEREAS, Subtenant and the Authority wish to amend the Sublease to exclude Building 298 from the Premises; now therefore be it

RESOLVED: That the Board of Directors hereby authorizes the Executive Director of the Authority to enter into an amendment to the Sublease to delete Building 298 from the Premises.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on September 13, 2000.

John Elberling



FIRST AMENDMENT TO
SUBLEASE
between
THE TREASURE ISLAND DEVELOPMENT AUTHORITY
as Sublandlord
and
DELANCEY STREET FOUNDATION
as Subtenant
For the Sublease of
Buildings 183, 298 and 229 at Naval Station Treasure Island
San Francisco, California
October 30, 1998

FIRST AMENDMENT TO TREASURE ISLAND SUBLEASE

THIS FIRST AMENDMENT TO SUBLEASE (the "Amendment"), dated as of this 30th day of October, 1998, is by and between the Treasure Island Development Authority ("Sublandlord") and the Delancey Street Foundation, a 501(c)(3) non-profit corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Amendment is made with reference to the following facts and circumstances:

- A. Sublandlord and Subtenant entered into a Sublease (the "Original Sublease", and as amended hereby, the "Sublease"), dated September __, 1998, for the use of Buildings 183, 298 and 229 on Naval Station Treasure Island as a Life Learning Academy operated by Subtenant.
- B. Sublandlord's Board of Director's conditioned its approval of the Original Sublease on an amendment thereto in substantially the form of this Amendment.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. Relation to TIHDI Agreement. Section 5 of the Original Sublease is hereby amended to add a new Section 5.6 which provides as follows: In the event of a conflict between the rights and responsibilities granted to Subtenant under the Sublease and the rights and responsibilities granted to the Treasure Island Homeless Development Initiative ("TIHDI") set forth in that certain Base Closure Homeless Assistance Agreement and Option to Lease Real Property endorsed by the City's Board of Supervisors and which is an integral part of the draft base reuse plan for the Base approved by the Department of Housing and Urban Development under the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (the "Agreement"), the rights and responsibilities granted to TIHDI under the Agreement shall prevail.

2. Terms and Conditions of Original Sublease Remain in Force and Effect. Except as specifically amended hereby, the terms and conditions of the Original Sublease shall remain in full force and effect.

3. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

Delancey Street Foundation
a 501(c)(3) non-profit corporation

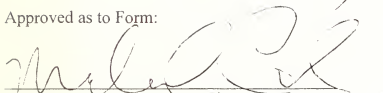
By: 
Its: President / CEO

SUBLANDLORD:

Treasure Island Development Authority

By: 
Its: ANNEMARIE CONROY
Executive Director
Treasure Island Development
Authority Project

Approved as to Form:


Deputy City Attorney

SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

DELANCEY STREET FOUNDATION

as Subtenant

For the Sublease of

**Building 183, 298 and 229 at Treasure Island Naval Station
San Francisco, California**

October 1, 1998

TREASURE ISLAND SUBLEASE

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D R A F T
FOR DISCUSSION PURPOSES ONLY
FORM LEASE FOR RESTAURANTEURS

LIST OF EXHIBITS:

EXHIBIT A -- Master Lease
EXHIBIT B -- Drawing of Premises
EXHIBIT C -- Seismic Report
EXHIBIT D -- Description of Life Learning Academy
EXHIBIT E -- Rules and Regulations
EXHIBIT F -- Required Alterations
EXHIBIT G -- Utilities

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated as of this ____ of September, 1998, is by and between the Treasure Island Development Authority ("Sublandlord") and the Delancey Street Foundation, a 501(c)(3) non-profit corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated 9-4-98, (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord Buildings 183 and 298 (together, the "Yacht Club Facilities") and Building 229 (the "Youth Center", and together with the Yacht Club Facilities, the "Premises"), all located on Naval Station Treasure Island (the "Property"), together with a non-exclusive right to use certain parking areas adjacent thereto, all as more particularly shown on the map attached hereto as Exhibit B.

B. Subtenant desires to sublet the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. PREMISES

1.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises.

1.2. As Is Condition of Premises.

(a) Inspection of Premises. Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them, ("Subtenant's Agents") of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report and the Structural Report referenced in Section

1.2(c) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) As Is; Disclaimer of Representations. Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises ("Laws") governing the use, occupancy, management, operation and possession of the Premises. Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below) (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use of Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or Subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) Seismic Report. Without limiting Section 1.2 (b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions,*" prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco, (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

2. COMPLIANCE WITH MASTER LEASE

2.1. Incorporation by Reference. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein

2.2. Conflict. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

2.3. Compliance with Master Lease. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

2.4. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

3. TERM

3.1. Term of Sublease. The term of this Sublease (the "Term") shall commence on October 1, 1998 (the "Commencement Date") and terminate on September 30, 2000 (the "Expiration Date"), unless earlier terminated as provided in this Sublease.

3.2. Extension Option.

(a) Option to Extend Term. Sublandlord grants to Subtenant five (5) successive one-year options to extend the Term of this Sublease (the "Extension Options") each commencing upon the then applicable Expiration Date upon the following terms and conditions. Subtenant may exercise either Extension Option at any time during the Term but if it determines to do so it must give written notice to Sublandlord thereof (the "Option Notice") not less than one-hundred twenty (120) days prior to the then applicable Expiration Date. If either (i) any uncured event of default by Subtenant is outstanding hereunder either at the time of Subtenant's exercise of the Extension Option or at any time prior to the first day of the Extension Term (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), or (ii) Sublandlord determines, in its sole and absolute discretion, that Subtenant's continued use of the Premises interferes with its plans for reuse or redevelopment of the Property, then Sublandlord may elect by notice to Subtenant within thirty

(30) days of its receipt of the Option Notice to reject Subtenant's exercise of the Extension Option, whereupon the Extension Option shall be null and void.

(b) **Terms.** If Subtenant and Sublandlord elect to exercise the Extension Option, then the sublease for the Extension Term shall cover the entire Premises and shall be upon all of the terms, covenants and conditions of this Sublease.

3.3. Effective Date. This Sublease shall become effective on the date (the "Effective Date") upon which (i) the Parties hereto have duly executed and delivered this Sublease and (ii) Sublandlord's Board of Directors has approved this Sublease.

CONSIDERATION

3.4. Consideration. Throughout the Term, the consideration for Subtenant's use of the Premises shall be comprised of the following: (i) Subtenant shall make the Required Improvements described in Section 6.1 below, (ii) Subtenant shall use the Premises for the public purposes described in Section 5.1 below, and for no other purposes, (iii) Subtenant shall pay any and all costs and expenses of operating the Premises, as described further in Section 5 below, including, without limitation, any and all Common Area Maintenance Charges assessed against the Premises by the Master Landlord ("CAM Charges"), and (iv) after recovering its costs of making the Required Improvements to the Cafe from Gross Revenues, Subtenant shall pay Sublandlord on a monthly basis 2% of such Gross Revenues as percentage rent. For purposes of this Sublease

(a) "Gross Revenues" shall mean the gross selling price of all merchandise or services sold or delivered in or from the Cafe, including but not limited to any and all income, revenue, compensation or consideration generated from Subtenant's use or operation of the Cafe.

(b) The Authority shall be entitled at any time and from time to time during the Term and within three (3) years after the Expiration Date or other termination of this Sublease, to inspect, examine, copy and audit all of Subtenant's books of account, records, cash receipts, tax returns and underlying tax preparation documents, financial statements and other pertinent data. The primary purpose of such examination is to enable the Authority to ascertain, clearly and accurately, Subtenant's Gross Revenues and to verify that the form and method of Subtenant's record keeping provide adequate and proper control and check of all such revenues. Subtenant shall cooperate fully with the Authority and the Authority's Agents in making the examination. The Authority shall also be entitled at the Authority's option, once during each lease year and once after the Expiration Date or other termination of this Sublease, to cause an independent audit to be performed by a certified public accountant designated by the Authority. The audit shall be conducted during usual business hours at the Premises. If the audit shows that there is a deficiency in the payment of any percentage rent, then Subtenant shall immediately upon notice pay the deficiency to the Authority, together with interest thereon at the Default

Rate, which interest shall accrue from the date on which such deficient amount would have been due until such deficiency is paid. The Authority shall pay the costs of the audit unless the audit shows that Subtenant understated Gross Revenues by more than two percent (2%), in which case Subtenant shall pay all of the Authority's costs of the audit.

4. TAXES, ASSESSMENTS AND OTHER EXPENSES

4.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

4.2. **Other Expenses.** This is a "triple net" Sublease. Accordingly, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any utilities, maintenance or services necessary for Subtenant's use and the amount of the CAM Charges. The amount of the CAM Charges for the Premises is currently set at the rate of \$_____ per month. Subtenant shall pay the CAM Charges to Sublandlord on a monthly basis.

4.3. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

5. USE; COVENANTS TO PROTECT PREMISES

5.1. **Subtenant's Permitted Use.** Subtenant ~~may~~ shall use the Yacht Club Facilities as a coffee shop/cafe ("Cafe"), serving the general population of visitors and residents of the Property. The Cafe will be operated by Delancey Street staff and residents of the Life Learning Academy, and will serve as a vocational program for culinary arts. The Youth center will be used as a Life Learning Academy charter school. The charter school will function as a basic classroom center for academics, arts, and performing arts for approximately 60 day-students comprised of "at-risk" boys and girls from the San Francisco area, as well as approximately 50 "at-risk" girls who will be part of Delancey Street's Youth Residential Program. The Life Learning Academy is described in Exhibit D attached hereto.

5.2. **Subtenant's Access to the Premises.** As provided in Section 30 of the Master Lease, Subtenant will have access to the Premises on a 24-hour, seven-days-a-week basis, provided however, Subtenant shall coordinate such access with the local representative of Master Landlord.

5.3. **Rules and Regulations.** Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit E, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time and which are provided to Subtenant in advance of the enforcement thereof.

5.4. **Easements.** This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"), provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable

rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities. To the best knowledge of the Mayor's Treasure Island Project Office, there are no existing Additional Easements or other encumbrances which would materially interfere with Subtenant's use of the Premises.

5.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over the Subtenant's use of the Premises in the event of any conflict, provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

5.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises or on or about the Property, other than advertising necessary for the normal conduct of Subtenant's training school/business(es), including the Cafe. Any such advertising shall be subject to the prior consent of the Sublandlord, which consent shall not be unreasonably withheld.

6. ALTERATIONS

6.1. Required Alterations. As partial consideration for this Sublease, Subtenant shall construct the alterations to the Premises described on Exhibit F attached hereto (the "Required Alterations"). Such Required Alterations shall include, without limitation, all improvements necessary to bring the Premises into compliance with the FEMA-178 seismic standard and any and all applicable San Francisco building codes.

6.2. Other Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions other than the Required Alteration (the "Other Alterations", and together with the Required Alterations, the "Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may be given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any permitted Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord or by program youths and staff under the supervision of qualified professionals, (iii) in a good and professional

manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any permitted Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of such construction at all times. Without limiting the foregoing, any material physical expansion of the Cafe shall require the separate prior written approval of the Treasure Island Homeless Development Initiative ("TIHDI").

6.3. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to the Premises (i) which will affect the historic characteristics of the Premises or modify the appearance of the exterior of the Premises without Master Landlord's and Sublandlord's prior written consent or (ii) if such Alterations would preclude qualifying the Premises for inclusion on the National Register for Historic places.

6.4. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of Section 7.1 above shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 7.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

6.5. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and may be removed by it subject to the provisions of Section 18 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

6.6. Sublandlord's Alterations of the Premises and Premises Systems. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the Premises, provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for purposes stated herein.

7. REPAIRS AND MAINTENANCE

7.1. **Subtenant Responsible for Maintenance and Repair.** Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

7.2. **Utilities.** Sublandlord shall provide the basic building utilities and services described in the attached Exhibit G, (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole costs, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit G.

7.3. **Floor Load.** Without Sublandlord's prior written consent, which Sublandlord may give or refuse in its sole discretion, Subtenant shall not place or install in the Premises any equipment that weighs in excess of the normal load-bearing capacity of the floors of the Premises. If Sublandlord consents to the placement or installation of any such machine or equipment in the Premises, Subtenant at its sole expense shall reinforce the floor of the Premises, pursuant to plans and specifications approved by Sublandlord and otherwise in compliance with Section 7.1 [Alterations and Construction] to the extent necessary to assure that no damage to the Premises or weakening of any structural support will be occasioned thereby.

7.4. **Janitorial Services.** Subtenant shall provide all janitorial services for the Premises.

7.5. **Pest Control.** Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

7.6. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as Exhibit E. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all

rules established by Sublandlord or Master Landlord for the handling of trash.

7.7. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or and any right of Subtenant to make repairs or replacements and deduct the cost thereof.

8. LIENS

Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

9. COMPLIANCE WITH LAWS

9.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary, provided however, that Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C.S. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation

arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

9.2. Regulatory Approvals.

(a) Responsible Party. Subtenant understands and agrees that Subtenant's use of the Premises and construction of Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") the Sublandlord and City, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties") against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

9.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

10. ENCUMBRANCES

10.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

11. DAMAGE OR DESTRUCTION

11.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire or any other casualty, not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, whether insured or uninsured, which prevents Subtenant from operating the Premises for the purposes stated herein and the cost of repairing such damage exceeds Ten Thousand Dollars (\$10,000), either Party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 18 (except for damage caused by the casualty pursuant to which the Sublease may be terminated under this Section 12.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 12.1, Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any changes made in strict accordance with the requirements of Section 7.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of such a casualty.

11.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 12.1 above, there shall be no abatement in the consideration and any other sums payable hereunder.

11.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

12. ASSIGNMENT AND SUBLETTING

12.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises, without Sublandlord's prior

written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion.

13. DEFAULT; REMEDIES

13.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) Consideration. Any failure to pay any sums due hereunder, including sums due for utilities and CAM Charges, within five (5) days after such sums are due;

(b) Covenants, Conditions and Representations. Any failure to perform or comply with any other covenant, condition or representation made under this Sublease, provided Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.

(c) Vacation or Abandonment. Any abandonment of the Premises for more than fourteen (14) consecutive days; and

(d) Bankruptcy. The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted.

13.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) Terminate Sublease and Recover Damages. The rights and remedies provided by law California Civil Code Section 951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) Appointment of Receiver. The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

13.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

14. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

14.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the gross negligence or willful misconduct of the Indemnified Parties (except as provided in Section 15.1(e) below). Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the consideration and other sums payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND

DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the Indemnified Parties decision to Sublease the Premises to the Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses,

costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

14.2. **Subtenant's Indemnity.** Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses, expressly including but not limited to, any Losses arising out of a partial or complete collapse of the Premises due to an earthquake or subsidence, incurred in connection with or arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees. (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) the condition of the Premises, including the Premises, (f) any construction or other work undertaken by Subtenant on or about the Premises whether before or during the Term of this Sublease; or (g) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, or of any trespassers, in, on or about the Premises or

any Alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused by the gross negligence and intentional wrongful acts and omissions of the Indemnified Parties. Notwithstanding the foregoing, Subtenant's obligations to indemnify the Indemnified Parties under this Section 15.2 shall remain in full force and effect regardless of whether or not the Indemnified Parties' decision to Sublease the Premises to the Subtenant, given the seismic condition of the property, is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease. Notwithstanding anything contained herein, to the extent such Losses are not covered by insurance required herein and subject to Section 12.1 above, Subtenant shall have no obligation to repair, restore or reconstruct the Premises (or to pay for the same) in the event the Premises are damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty.

15. INSURANCE

15.1. Subtenant's Insurance. Subtenant shall procure and maintain throughout the Term of this Sublease and pay the cost thereof the following insurance:

(a) Property Insurance. Subtenant shall procure and maintain, at its own cost, a standard fire and extended coverage insurance policy insuring the Premises, including, without limitation, the Premises and all fixtures, Alterations, furniture and equipment located thereon, in an amount not less than the full replacement value.

(b) Public Liability and Other Insurance. Subtenant shall at all times, at its cost, also maintain insurance for the mutual benefit of Sublandlord and Subtenant against:

(i) Claims for personal injury under a policy of commercial general liability insurance, including without limitation, liquor liability insurance, if liquor is served, claims for bodily injury, property damage or employer's liability occurring in or upon the Premises arising from earthquakes or subsidence, in an amount not less than \$5,000,000 combined single limit. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(ii) Worker's compensation insurance with employer's liability

insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than \$1,000,000 each accident.

(iii) Automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

15.2. General Requirements. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.

(a) Should any of the required insurance be provided under a claims-made form, Subtenant shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Subtenant as the insured and the Sublandlord and the Master Landlord as additional insureds.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

(iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to

the address(es) for Sublandlord set forth in the Basic Sublease Information.

15.3. Proof of Insurance. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(b)(1) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such policies or certificates, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.

15.4. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

15.5. Lapse of Insurance. Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

15.6. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

16. ACCESS BY SUBLANDLORD

16.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from

the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

16.2. **Access to Premises by Master Landlord.** Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

17. SURRENDER

17.1. **Surrender of the Premises.** Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other Encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.4 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Law.

If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises.

18. HAZARDOUS MATERIALS

18.1. **No Hazardous Materials.** Subtenant covenants and agrees that neither Subtenant

nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Without limiting the foregoing, Subtenant acknowledges and agrees that it shall be bound by and will comply with the environmental protection provisions provided for in Section 13 of the Master Lease.

18.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 19.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against all any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost

recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

18.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease.

19. GENERAL PROVISIONS

19.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord

Treasure Island Development Authority
Treasure Island Project Office
401 Palm Avenue
Building 1, Room 237
Treasure Island
Attn: Executive Director
Fax No.: 415-274-0662

with a copy to:

Office of the City Attorney
Fox Plaza

1390 Market Street, 6th Floor
San Francisco, CA 94102
Attn: Michael S. Cohen
Fax No.: (415) 554-3808

Notice Address of Subtenant: Delancey Street Foundation
600 The Embarcadero
San Francisco, CA 94107
Attn: Mimi H. Silbert, President
Fax No. 415-512-5186

Notice Address of Master Landlord: Commanding Officer (Code 24)
Engineering Field Activity West
Naval Facilities Engineering Command
900 Commodore Drive
San Bruno, California 94066

Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 20.1 and applicable Laws, shall be deemed receipt of such notice..

19.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment for any sums due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

19.3. Amendments. Neither this Sublease nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

19.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosure set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

19.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

19.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

19.7. Successors and Assigns. Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee,

including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

19.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

19.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

19.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

19.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein. Notwithstanding the foregoing, the Parties shall make a good faith effort to negotiate mutually acceptable changes to this Sublease, if any, within ninety (90) days of the date hereof, provided however, that such changes, if any, shall be subject to the approval of the Master Landlord.

19.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred

by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees.

19.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

19.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

19.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

19.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

19.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

19.18. Non-Liability of Indemnified Parties' officials, employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Agreement.

19.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

19.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the

same instrument.

19.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord

20. SPECIAL PROVISIONS

20.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

20.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

20.3. Non-Discrimination.

(a) Covenant Not to Discriminate. In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) Subleases and Other Subcontracts. Subtenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all Subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) Non-Discrimination in Benefits. Subtenant does not as of the date of this

Sublease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC").

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

20.4. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Sublease with respect to a Taking.

20.5. MacBride Principles - Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the

City and County of San Francisco concerning doing business in Northern Ireland.

20.6. Tropical Hardwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

20.7. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

20.8. Burma (Myanmar) Business Prohibition. Subtenant is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a "prohibited person or entity" as defined in Section 12J.2(G) of the San Francisco Administrative Code. Sublandlord reserves the right to terminate this Sublease for default if Subtenant violates the terms of this clause. Chapter 12J of the San Francisco Administrative Code is hereby incorporated by reference as though fully set forth herein. The failure of Subtenant to comply with any of its requirements shall be deemed a material breach of this Sublease. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 12J of the San Francisco Administrative Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit under this Sublease, or 10% of the total amount of the Sublease, or \$1,000, whichever is greatest. Subtenant acknowledges and agrees the liquidated damages assessed shall be payable to the Sublandlord upon demand and may be setoff against any moneys due to the Subtenant from this Sublease.

20.9. Prevailing Wages for Construction Work. Subtenant agrees that to the extent any person performing labor in the construction of the Alterations required under Section 7 [Alterations] is paid wages for such labor, such person shall be paid not less than the highest prevailing rate of wages and that Subtenant shall include, in any contract for construction of such improvements, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant further agrees that, as to the construction of such improvements under this Sublease, Subtenant shall comply with all the provisions of subsection (b) of San Francisco Charter Section A7.204 and Sections 6.33 through 6.45 of the San Francisco Administrative Code that relate to payment of prevailing wages. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord every two weeks during any construction period, certified payroll reports with respect to all persons performing labor in the construction of any of the required alterations. Subtenant shall not be required to pay wages to youths/and or adults performing labor in the

construction of the Alterations if that youth or adult is performing such labor as a result of their participation in a Delancey Street Foundation training school or the vocational programs of the Life Learning Academy or the Life Learning Residential Center for Girls.

20.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the Authority or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communication the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

Delancey Street Foundation
a 501(c)(3) non-profit corporation


By: 
Its: Pres/CEO

SUBLANDLORD:

Treasure Island Development Authority

By: 
Its: ANNEMARIE CONROY
Executive Director
Treasure Island Development
Authority Project

Approved as to Form:


Deputy City Attorney

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution approving Sole Source Negotiations
with the Treasure Island Yacht Club for an Interim
Lease on Building 298

Agenda No: 11

Contact Person/Phone: Marianne Conarroe
Stephen Proud
(415) 274-0660

Meeting Date: 9/13//2000

SUMMARY OF PROPOSED ACTION:

This action provides authorization for the Executive Director to enter into sole source negotiations with the Treasure Island Yacht Club for a lease on Building 298 on Treasure Island.

BACKGROUND:

As part of the operational closure of Naval Station Treasure Island, the Treasure Island Yacht Club was given an eviction notice to vacate Building 183 (similar to other tenants located on the Base). The Treasure Island Yacht Club, (TI Yacht Club) had been a presence on the island since the mid 1960's, and has since its departure from Treasure Island, been meeting at various other locations and yacht clubs facilities around the bay area. Reuse plans for the Base contemplated that TI Yacht Club would return to a new clubhouse once the marina expansion was complete. However, the TI Yacht Club has met with the Authority staff to explore the possibility of creating an interim meeting space in Building 298, (Exhibit A).

Building 298 is currently leased to Delancey Street as a storage facility to support their operation of the Crossroads Café. However, as a result of conversations with Authority Staff and the TI Yacht Club, Delancey Street has opted to amend their leased premises to exclude Building 298 (see Agenda Item 10). This provides an opportunity to adapt the Building for reuse by the Yacht Club as a meeting space.

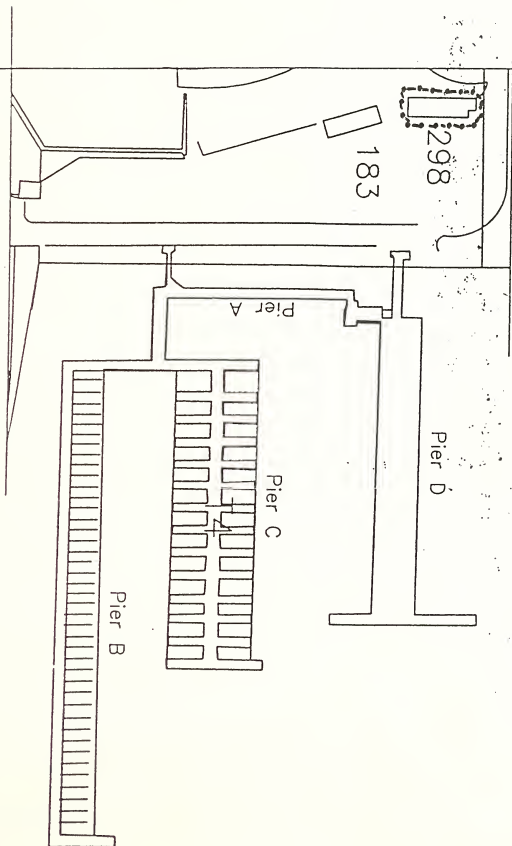
Since its departure, the TI Yacht Club has been unable to invite other yacht clubs to stay at Clipper Cove and enjoy the beauty of Treasure Island. By reestablishing a presence on Treasure Island, the TI Yacht Club can offer reciprocal privileges to other Yacht Club organizations around the Bay Area. These reciprocal privileges would expand the range of boating experiences in the Bay Area, thus providing a region-wide public benefit. The TI Yacht Club has held preliminary discussions with the Almar marina management to make accommodations for the arrival of guest vessels.

Under the Authority's Rules and Procedures for the Transfer of Real Property, the authorization to negotiate a sole source contract requires a 4/5 vote of the Authority's Board of Directors. Since TI Yacht Club was a former tenant on the Island and execution of an interim sublease will not impact long-term redevelopment efforts, staff is recommending that the Authority authorize the Executive Director to enter into sole source negotiations with TI Yacht Club.

EXHIBIT A



SAN FRANCISCO BAY



[Authorization For Sole Source Negotiations]

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO SOLE SOURCE NEGOTIATIONS WITH THE TREASURE ISLAND YACHT CLUB FOR AN INTERIM LEASE FOR BUILDING 298 ON TREASURE ISLAND.

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, The Authority has received an expressed interest from the Treasure Island Yacht Club ("the Proposer") for an interim lease on Building 298 on Treasure Island to use as a Yacht Club meeting space on year to year basis; and

WHEREAS, Under Section 9 of the Rules and Procedures for the Transfer of real Property (the "Rules and Procedures") adopted by the Authority by resolution at its meeting on March 11, 1998, the Authority may authorize the Executive Director to enter

into sole source negotiations for the lease of real property upon a vote 4/5 of its Board of Directors, provided the Authority makes certain findings with respect to such negotiations, as set forth in Subsection 9(b) of the Rules and Procedures; and

WHEREAS, The Authority hereby finds that proceeding with direct sole source negotiations with the Proposer is reasonably calculated to enable the Authority to realize identifiable public benefits such as the expansion of recreational boating activities in the City and County of San Francisco and the provision of boating recreation opportunities for residents of Treasure Island; and

WHEREAS, The Authority hereby further finds that such identifiable public benefits are less likely realized by public solicitation because the Proposer has had a long history as an established resident on Treasure Island, and the Leasing opportunity under consideration is for such a short term and such a small piece of property that a complete market solicitation is unlikely to yield interest in the opportunity; and

WHEREAS, Based on the forgoing findings, the Authority wishes to authorize the Executive Director to enter into sole source negotiations with the Proposer for the lease of Building 298; now, therefore, be it

RESOLVED, That the Authority hereby approves and authorizes the Executive Director to enter into sole source negotiations with the Proposer for an interim lease of Building 298 on Treasure Island; and be it

FURTHER RESOLVED, That the Executive Director shall report to the Authority from to time during the course of the negotiations, as required under Subsection 9(c) of the Rules and Procedures.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors and a properly noticed meeting on September 13, 2000.

John Elberling, Secretary

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Authorizing end endorsing submission of a grant application to the California Department of Trade and Commerce for \$135,000 for the development of means to seismically strengthen the Causeway and to devise construction-ready specifications

Agenda Item:

Contact person/phone:	Stephen Proud	274-0660
	Joan Rummelsburg	274-0660
	Marianne Conarroe	274-0660

Meeting date: September 13, 2000

SUMMARY OF PROPOSED ACTION: Staff seeks the authorization and endorsement of the Authority for the proposed project and the application to the California Department of Trade and Commerce for \$135,000 for a California Defense Adjustment Matching Grant (CDAM) .

BACKGROUND AND DESCRIPTION OF PROPOSED ACTION: The Reuse Plan and two geotechnical studies (one commissioned by the Navy, the other by the City as part of the Reuse Plan process) document damage from the 1989 Loma Prieta earthquake to the Causeway between Yerba Buena and Treasure Island. The Causeway is the lifeline between the two islands because it contains utility line, and provides vehicular access to cars, trucks and public transit. Without reinforcement of the Causeway, redevelopment of Treasure Island cannot proceed.

Two grant programs, California's CDAM grant and the U.S. Department of Commerce's Economic Development Administration's (EDA) grant provide funds for planning and the implementation of economic redevelopment of military bases that are closing or that have already shut down. The CDAM grant specifically provides a 50% match (not to exceed \$150,000) for other funds. A pre-application for federal EDA funds was transmitted to the Department of Commerce on August 28, 2000.

This application is the first phase of a two-phase project to repair and strengthen the Causeway. The funding will be used to assess the damage, update existing studies, formulate a specific engineering solution and develop construction-ready specifications. Phase Two will be the actual stabilization of the Causeway and will be the subject of future funding applications.

ATTACHMENTS:

1. CDAM application guidelines
2. Application for funds and description of project

Resolution Number _____

RESOLUTION AUTHORIZING A GRANT APPLICATION TO THE CALIFORNIA TRADE AND COMMERCE AGENCY FOR A CALIFORNIA DEFENSE ADJUSTMENT MATCHING (CDAM) GRANT AND APPROVING A CONTRACT WITH THE CALIFORNIA TRADE AND COMMERCE AGENCY IN SUPPORT OF THE CDAM PROGRAM FOR \$135,000 FOR PHASE 1 OF THE REINFORCEMENT OF THE CAUSEWAY BETWEEN YERBA BUENA AND TREASURE ISLANDS

WHEREAS, the Treasure Island Reuse Plan and recognize the immediate need for seismic reinforcement of Treasure Island and selected structures on the island to ensure the safety of residents, visitors and workers on Treasure Island;

WHEREAS, repair and strengthening of the Causeway must occur before redevelopment of the island occurs;

WHEREAS, the Causeway between Yerba Buena and Treasure Island is a lifeline containing critical infrastructure including utility lines, a roadway for vehicular access for cars, trucks and public transit;

WHEREAS, the Causeway sustained serious damage from the 1989 Loma Prieta earthquake;

WHEREAS, on August 16, 2000 the California Department of Trade and Commerce issued a solicitation for projects for FY 2000/2001 for projects eligible for a CDAM grant for communities seeking federal funding for defense-related economic adjustment strategies and projects; now therefore be it

RESOLVED, that the Treasure Island Development Authority authorizes the submittal of an application to the California Department of Trade and Commerce for a grant to update existing seismic information, determine an optimal solution for reinforcement and develop construction-ready specifications for the Causeway between Treasure Island and Yerba Buena Island;

FURTHER RESOLVED, that the Authority, if approved for a project grant, authorizes the Executive Director, or his/her designee the authority to approve, sign and execute a grant agreement with the California Trade and Commerce Agency, as well as any and all documents relating to this grant (including amendments);

FURTHER RESOLVED: That this resolution shall remain in full force and effect until a resolution of the Board of Directors of the Authority is adopted amending or rescinding this resolution.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above resolution was duly adopted and approved by the Board of Directors of the authority at a properly noticed meeting on September 13, 2000.

John Elberling

**CALIFORNIA DEFENSE ADJUSTMENT MATCHING
GRANT PROGRAM APPLICATION**

Please provide the requested information in the format outlined below. Use the disc included with this Handbook to prepare your application. Provide the answer to each question after each item listed below and on the disc. Answer each question fully. PLEASE SPELL OUT ALL ACRONYMS. Submit an original and four copies of the application. Submit only ONE (1) copy of Exhibit A, relevant planning/implementation document, with the original application. All documents should be accompanied by a 3 1/2 inch floppy disc of all text, tables, charts, etc. (Microsoft Word format, version 7.0 if possible). Applications submitted in a format other than the one outlined below and on the attached disc, will be determined ineligible by the Agency and returned by a "Notice of Completion and Eligibility" letter per Section 4020.2(c) per the program regulations.

I. APPLICATION INFORMATION

- 1) Provide the following information on the first page of the application:
 - Applicant Name (4020.4(a) & (b))
 - Signatory name and title (must be the same as designated in Exhibit C)
 - Address
 - County
 - Telephone number (include area code)
 - Facsimile number (include area code)
 - E-mail address (if applicable)
 - Federal Tax ID number
- 2) Provide the following information for the grant contact person (if different than the designated signatory)
 - Name and title (4020.4(c))
 - Address
 - Telephone number (include area code)
 - Facsimile number (include area code)
 - E-mail address (if applicable)
- 3) Provide information on the size of the labor force in the effected area.
- 4) Describe the adverse impacts experienced in the Applicant's jurisdictions (e.g., indirect job loss, job loss by SIC, job loss as a percentage of a discrete workforce sector, reductions in gross community product, negative impacts on community services and revenues) as well as outreach efforts to obtain non-federal funding for the federal assistance project from other sources.
- 5) Describe the impact if the Applicant is not awarded a DAM grant at this time. (4020.5(e)(3))
- 6) State the number and type of full-time jobs the project will reasonable directly create or retain during the three-year period following the grant award, within the Applicant's jurisdiction.
- 7) Is the Applicant submitting more than one (1) application for the FY 1999/00 supplemental solicitation? 4020.5(c)(2) YES () NO ()

If Yes:

- a) Prioritize each application based on need in the Applicant's jurisdiction.
- b) Identify each application by federal grant number and federal grant dollar amount.

II. FUNDING INFORMATION

- 8) List all outstanding compliance documents required from previous DAM grants.
- 9) Specify the amount of the DAM grant request (4020.4(d)), other state funds to be used, and the amount of the Applicant's cash and in-kind contribution (4020.3(f) and (g))
- 10) State the type of grant requested, i.e., reuse planning, implementation planning, or implementation. (4020.4(d))
If implementation, if project infrastructure? YES () NO ()
- 11) Identify the Federal funding agency to which application/award has been made. 4020.4(g)(1))
- 12) State the following Federal grant information:
 - a) Federal grant identifier/award number. (4020.4(g)(3))
 - b) Amount of Federal grant agreement or application request. (4020.4(g)(2))
 - c) Federal grant agreement term.
 - d) Percent of local match requirement.
- 13) Provide a statement summarizing the Applicant's annual total budget for each of the last three years. The summary should include all sources of funds, total expenditures, any surplus or reserve contributions, or any voluntary unscheduled payment for debt reduction.
- 14) Briefly describe the problem the proposal addresses and how the project will remediate the local and regional economic impacts of the defense-related industry downsizing or military base closures or realignments.

III. SCORED INFORMATION

- 15) Lead Agency (0-5 points)
 - a) List the Agency applying for the DAM grant (4020.5(b)). (Must be the same as the agency identified in the associated Federal grant)
 - b) Is the agency a local reuse authority? YES () NO ()
- 16) Award Frequency (0-5 points) (4020.5(c))
 - a) Previous DAM grant award(s)? YES () NO ()

If Yes:

- 1) How any planning grants? _____
- 2) How many implementation grants? _____

17) Grant Type (0-10 points) (4020.5(d))

Planning Grants (4020.5(d)(1))

- a) Describe the scope of work for the proposed planning project in detail.
- b) Describe how the proposed plan relates to and is different from previously prepared plans or previously implemented projects addressing defense adjustment in your jurisdiction. Attach ONE (1) copy of previously prepared plan with the original application as Exhibit A (4020.5(d)(1)(A))
- c) List all organizations involved in implementing the proposed plan. (4020.5(d)(1)(B))
- d) Describe the short and long-term goals of the proposed plan. (4020.5(d)(1)(C))
- e) Describe previous and current outreach efforts directed toward business and Organizations in your jurisdiction adversely affected by defense conversion. (4020.5(d)(1)(D))
- f) List other proposals for defense adjustment in your jurisdiction. (4020.5(d)(1)(E))

Implementation Grants (4020.5(d)(2))

- a) Describe the scope of work for the proposed implementation project in detail.
- b) List the number and type of full-time jobs the proposed implementation project is expected to directly create or retain during the three-year period following the award of the grant. (4020.5(d)(2)(A))
- c) Explain how this estimate was derived. (4020.5(d)(2)(A))
- d) Identify the amount of grant funding necessary to create or retain each position (4020.5(d)(2)(A))
- e) List the dollar amount and source of any other funding being used for job creation and retention. (4020.5(d)(2)(A))
- f) Describe your defense adjustment strategy. (4020.5(d)(B))
- g) Describe how the proposed implementation project supports the strategy. (4020.5(d)(2)(B))
- h) Describe the short and long-term goals of the proposed implementation project. (4020.5(d)(2)(C))

j) Describe previous and current outreach efforts directed toward businesses and organizations in your jurisdiction. (4020.5(d)(2)(D))

j) List other proposals for defense adjustment within your jurisdiction. (4020.5(d)(2)(D))

18) Need (0-10 points) (4020.5(e))

a) Describe reason for not providing the entire non-federal match required to receive federal assistance for this project. (4020.5(e)(1))

b) Describe effort to obtain non-federal funding for the federal assistance project from sources other than the Agency. Include as Exhibit J a declaration signed by the budget or chief administrative officer certifying other sources of funds are not available. (4020.5(e)(2))

c) Describe the adverse impacts experienced by your jurisdiction or adjacent jurisdictions as a result of defense adjustment. (4020.5(e)(3))

d) Cite percentage of job loss in the local jurisdiction. (4020.5(e)(3))

1) From closure to present.

2) During the last five (5) years.

e) Cite indirect job loss using the categories contained in the current version of the North American Industry Classification System (NAICS). (4020.5(e)(3))

f) Cite reductions in community services and revenues. (4020.5(d)(3))

19) Regional Impact (0-10 points) (4020.5(f))

a) Describe how the proposed project will directly assist in addressing local regional economic needs. (4020.5(f))

b) Indicate how the proposed project will be linked through shared initiatives or collaborative activities, to regional business and community development resources to address regional and local aspects of base reuse. (4020.5(f))

c) Describe how the proposed project will directly assist in completing the scope of work outlined in the federal grant. (4020.5(f))

d) Cite examples of community development resources. Include community colleges, economic development groups, chambers of commerce, etc. (4020.5(f))

20) Achievements (0-10 points) (4020.5(g))

a) Describe what has been accomplished to date to advance the conversion and reuse of military bases in your jurisdiction. (4020.5(g))

b) Describe how local, federal and state grants previously awarded were used. (4020.5(g))

c) Describe the efficiency and effectiveness of the projects funded with previously awarded grants. (4020.5(g))

IV. **EXHIBITS (4020.6)**

- 21) Attach as **Exhibit A** the relevant planning and/or implementation document. (4020.6(a))
- 22) Attach as **Exhibit B** either: (4020.6(b))
 - 1) A copy of the executed federal assistance agreement for this project;
 - 2) A copy of the federal assistance application for this project; or
 - 3) A copy of the previously submitted preliminary federal assistance application along with a letter from the federal funding agency supporting the preliminary application.
- 23) Attach as **Exhibit C** a resolution adopted by the governing body authorizing the application and specifying a person authorized to execute the grant and any and all amendments or revision thereto. (See Page 6 for Sample Resolution) (4020.6(c))
- 24) Attach as **Exhibit D** both a description of the organizational structure for administering the grant and managing the proposed project and/or job description of the person who will administer the project. (4020.6(d))
- 25) Attach as **Exhibit E** a detailed scope of work for the activities to be funded. (4020.6(e))
- 26) Attach as **Exhibit F** a budget describing the Applicant's cash, in-kind and total sources of funds for the proposed project. Divide the uses of funds into federal, or other state and other funding sources. Include personnel (salary and fringe), travel, supplies postage printing, contractual and other (specify), total direct charges and total indirect charged and total authorized budget. Use format shown in Attachment A of this Handbook and on enclosed disc. (4020.6(f))
- 27) Attach as **Exhibit G** duty statements and position descriptions for any positions to be paid for by the grant. (4020.6(g))
- 28) Attach as **Exhibit H** copies of any and all consultant contracts or personal services agreement negotiated or under negotiation as part of the proposed project. (4020.6(h))
- 29) Attach as **Exhibit I** a timeline identifying the tasks in the project's proposed scope of work and their anticipated completion dates. (4020.6(i))
- 30) Attach as **Exhibit J** a declaration from the Applicants budget or chief administrative officer certifying other sources of funds are not available. (4020.6(j))
- 31) Attach as **Exhibit K** a certificate signed by the authorized representative described in subsection (c) of this part stating:

"I hereby certify that the information provided in this application is correct and represents the intended use of all sources of funds identified in the application, and that I will inform the California Trade and Commerce Agency within ten (10) days of any changes in the funding proposal."

Name and Title

Date

TREASURE ISLAND DEVELOPMENT AUTHORITY
City and County of San Francisco

Agenda Item No. 13

Meeting of September 13, 2000

Subject: Amendment to Contract for Design and Production of RFQ for Primary Developer Packet

Contact/Phone: Annemarie Conroy, Executive Director
Stephen Proud, Development Director
274-0660

SUMMARY OF PROPOSED ACTION

Authorizing an amendment to the contract with Words Pictures Ideas LLC for design and production of Request for Qualifications for Primary Developer Packet. The amendment increases the original contract by \$83,000 for a not to exceed total of \$125,000.

DISCUSSION

On June 14, 2000, the Authority adopted a resolution authorizing the issuance of a Request for Qualifications (RFQ) for a Primary Developer for former Naval Station Treasure Island. Subsequent to, and in support of that action, the Executive Director executed a contract with Words Pictures Ideas LLC to secure design services for the RFQ and associated materials, to include advertisements and a web site. The amount of the contract was not to exceed \$42,000.00 and the contract was executed pursuant to the Purchasing Policy and Procedures established by the Authority.

As the design process has evolved, new ideas have emerged that require changes to the original scope of services and budget, thus necessitating a contract amendment. Since the new budget will exceed \$50,000 which is the limit for which the Executive Director has discretionary approval, staff is seeking the Authority's approval for the amendment. Additional tasks related to the RFQ include:

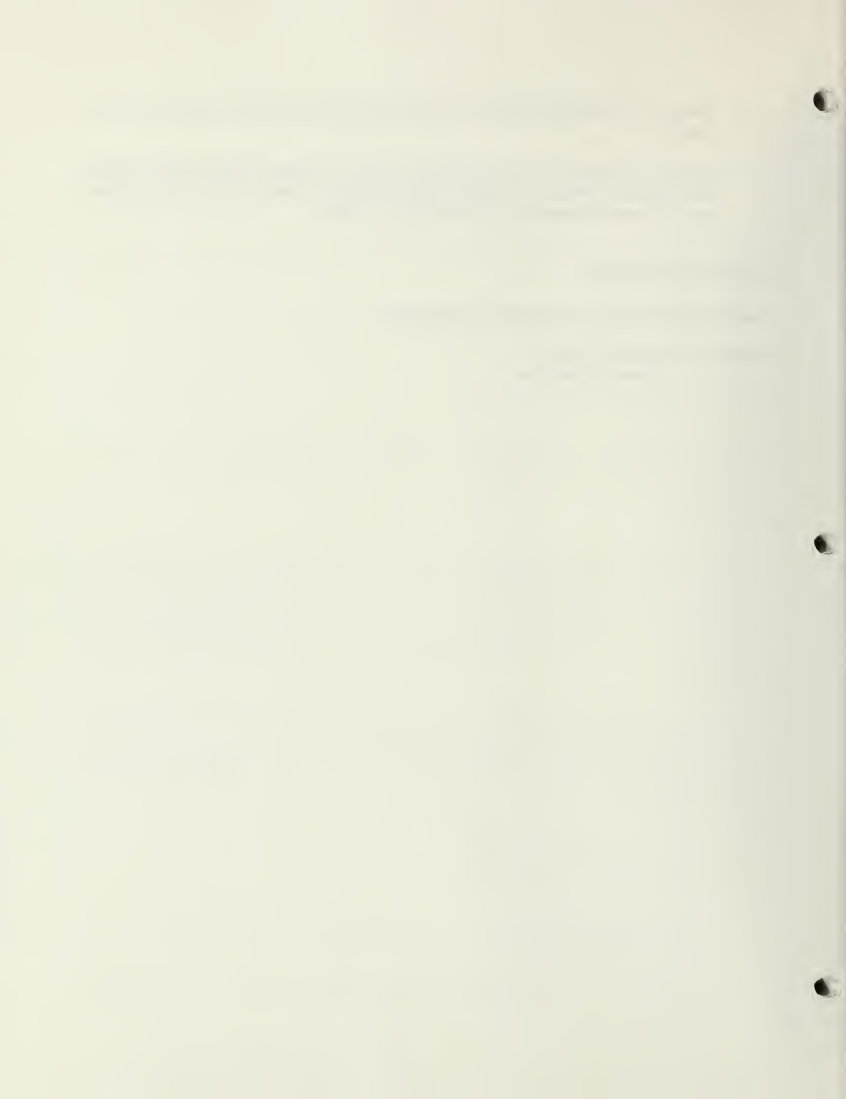
- Design and produce RFQ envelope;
- Design and produce the RFQ wrap or "belly band";
- Design and produce large format RFQ, including identification of images appropriate to such format, and acquiring, scanning, and testing images;
- Design and produce direct mail announcement and packaging (labeled metal canisters with printed rubber bands were selected as the packaging to announce the availability of the RFQ);
- Secure website URL and service location, and maintain website for six months;

- Design of Developers packet cover, spine, tabs, binder and box to support the RFQ identity;
- Printing of Developer Packet; including the RFQ, belly bands, packet tabs, brochure insert, packet's introductory pages, brochure envelopes, packet mailing labels, packet box, and binders (Estimated cost of printing is \$41,000).

RECOMMENDATION

Staff recommend approval of the contract amendment.

Attachments: Original Contract
Contract Amendment



1 [Authorization to Amend Contract with Words Pictures Ideas]

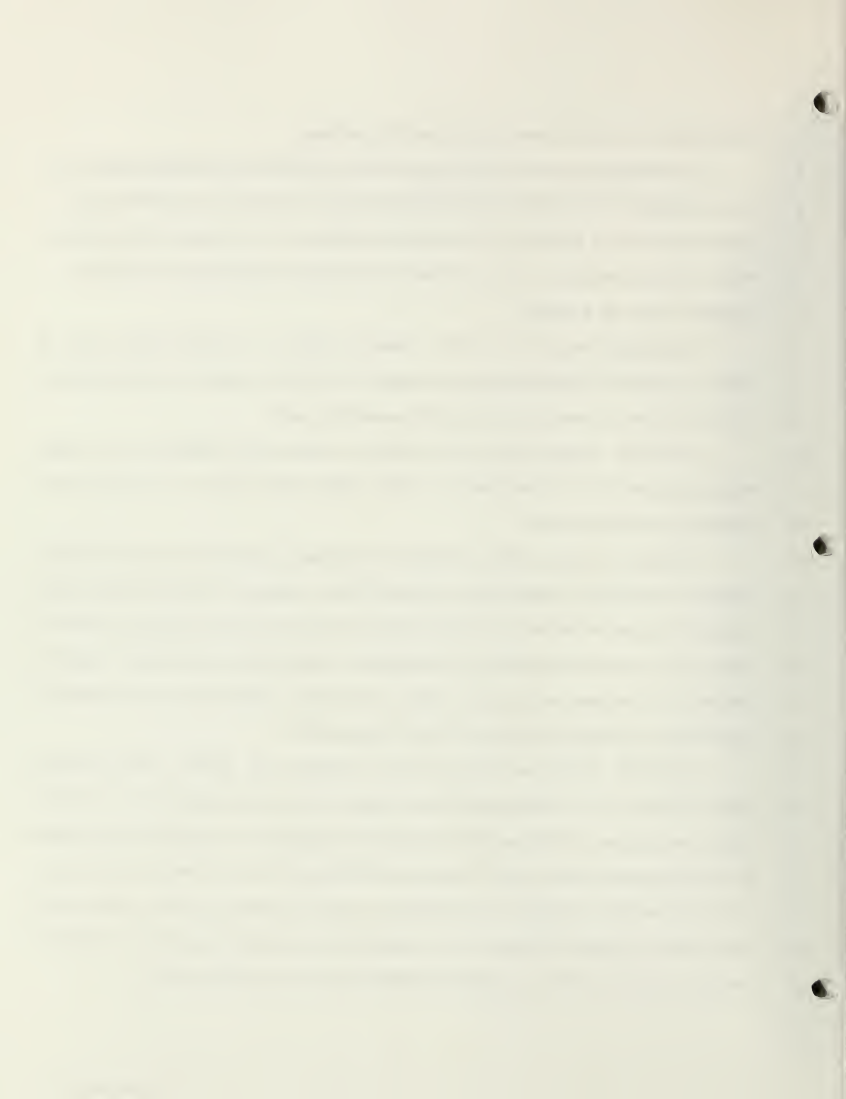
2 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AMENDMENT TO
3 THE CONTRACT WITH WORDS PICTURES IDEAS LLC TO DEVELOP AND PRINT ALL
4 COMPONENTS OF A REQUEST FOR QUALIFICATIONS FOR A PRIMARY DEVELOPER,
5 WHICH WOULD INCREASE THE CONTRACT BY \$83,000 AND ESTABLISH A NOT TO
6 EXCEED TOTAL OF \$125,000.

7 WHEREAS, former Naval Station Treasure Island is a military base located on
8 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
9 the United States of America ("the Federal Government"); and,

10 WHEREAS, Treasure Island was selected for closure and disposition by the Base
11 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
12 subsequent amendments; and,

13 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
14 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
15 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
16 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
17 conversion of the Base for the public interest, convenience, welfare and common benefit of
18 the inhabitants of the City and County of San Francisco; and,

19 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
20 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
21 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority
22 as a redevelopment agency under California redevelopment law with authority over the Base
23 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the
24 Base which are subject to Tidelands Trust, vested in the Authority the Authority to administer
25 the public trust for commerce, navigation and fisheries as to such property; and



1 WHEREAS, The Tidelands Trust prohibits the sale of trust property into private
2 ownership, generally requires that Tidelands Trust property be accessible to the public and
3 encourages public-oriented uses of Trust property that, among other things, attract people to
4 the waterfront, promote public recreation, protect habitat and preserve open space; and

5 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
6 redevelopment agency for Treasure Island in 1997; and,

7 WHEREAS, the Authority authorized the issuance of a Request for Qualifications for a
8 Primary Developer on June 14, 2000; and,

9 WHEREAS, the Executive Director of the Authority executed a contract for an amount
10 not to exceed \$42,000.00 with Words Pictures Ideas LLC to secure design and development
11 of a Request for Qualifications for a Primary Developer on July 3, 2000; and,

12 WHEREAS, the Executive Director wishes to amend the contract with Worlds Pictures
13 Ideas LLC to secure printing of the Request for Qualifications for a Primary Developer and the
14 design and preparation of collateral materials, including a complete packet to support the RFQ
15 identity; now therefore be it

16 RESOLVED, That the Authority hereby authorizes the Executive Director of the Project
17 to execute an amendment to the contract with Words Pictures Ideas LLC which would
18 increase the contract by \$83,000 resulting in a not to exceed amount of one hundred twenty-
19 five thousand dollars (\$125,000) to fund production and printing of a Request for
20 Qualifications for a Primary Developer and the design and preparation of collateral materials,
21 including a complete packet to support the RFQ identity.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations.

2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent and reliable data collection processes to support effective decision-making.

3. The third part of the document describes the different types of reports and dashboards that are generated from the collected data. It explains how these tools help in visualizing complex information and identifying key trends and patterns.

4. The fourth part of the document discusses the challenges and limitations associated with data analysis. It acknowledges that while data provides valuable insights, it also comes with its own set of complexities and potential biases that must be carefully managed.

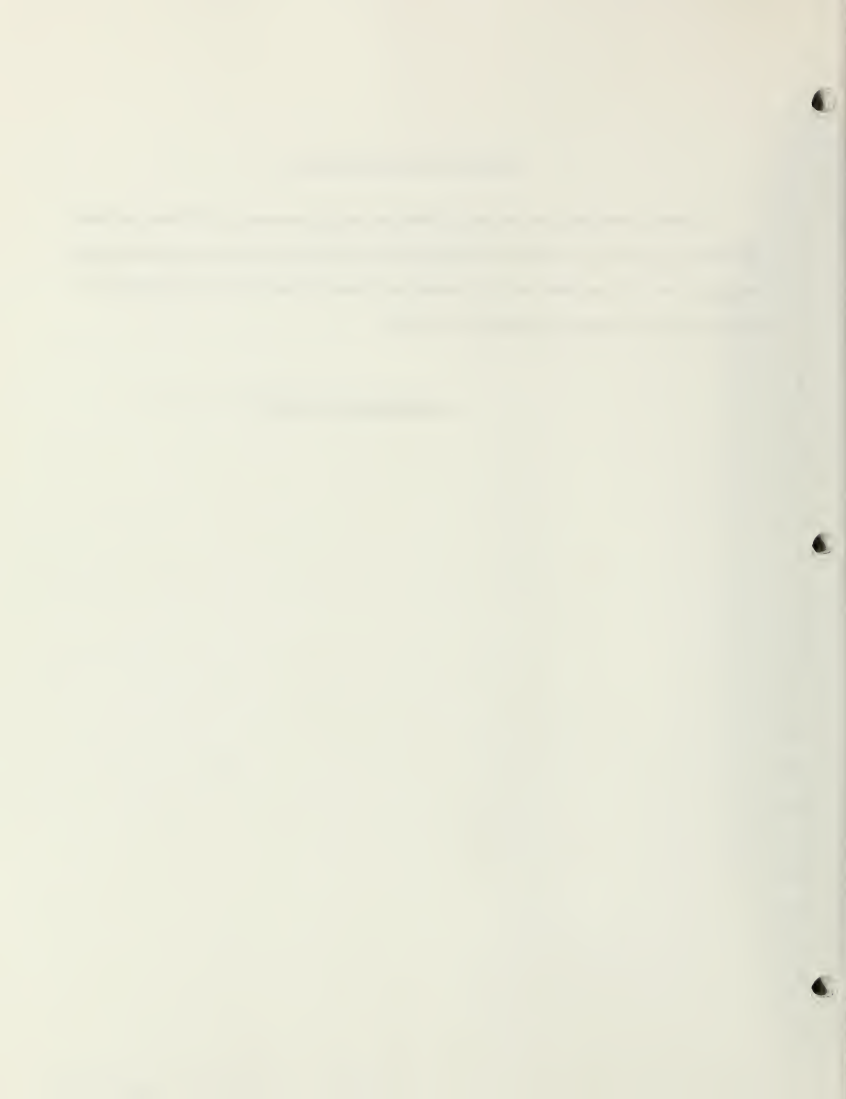
5. The fifth part of the document provides a summary of the key findings and conclusions drawn from the analysis. It reiterates the importance of ongoing monitoring and evaluation to ensure that the organization remains agile and responsive to changing circumstances.

6. The final part of the document offers recommendations for future research and improvements. It suggests that further exploration of advanced analytics and machine learning techniques could provide even deeper insights into the organization's performance.

1
2 CERTIFICATE OF SECRETARY

3 *I hereby certify that I am the duly elected and acting Secretary of the Treasure Island*
4 *Development Authority, a California nonprofit public benefit corporation, and that the above*
5 *Resolution was duly adopted and approved by the Board of Directors of the Authority at a*
6 *properly noticed meeting on September 13, 2000.*
7

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9 John Elberling, Secretary
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**CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY**

FIRST AMENDMENT

THIS AMENDMENT is made first day of September 2000, in the City and County of San Francisco, State of California, by and between Words Pictures Ideas LLC, hereinafter referred to as "Contractor," and the Treasure Island Development Authority hereinafter referred to as "Authority," acting by and through its Executive Director.

RECITALS

WHEREAS Authority and Contractor have entered into the Agreement (as defined below); and

WHEREAS Authority and Contractor desire to modify the Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, Contractor and Authority agree as follows:

1. **Definitions.** The following definitions shall apply to this Amendment:

(a) **Agreement.** The term "Agreement" shall mean the Agreement dated July 3, 2000 between the Contractor and the Authority.

(b) **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

2. **Modifications to the Agreement.** The Agreement is hereby modified as follows:

(a) Section 5. Section 5 of the Agreement currently reads as follows:

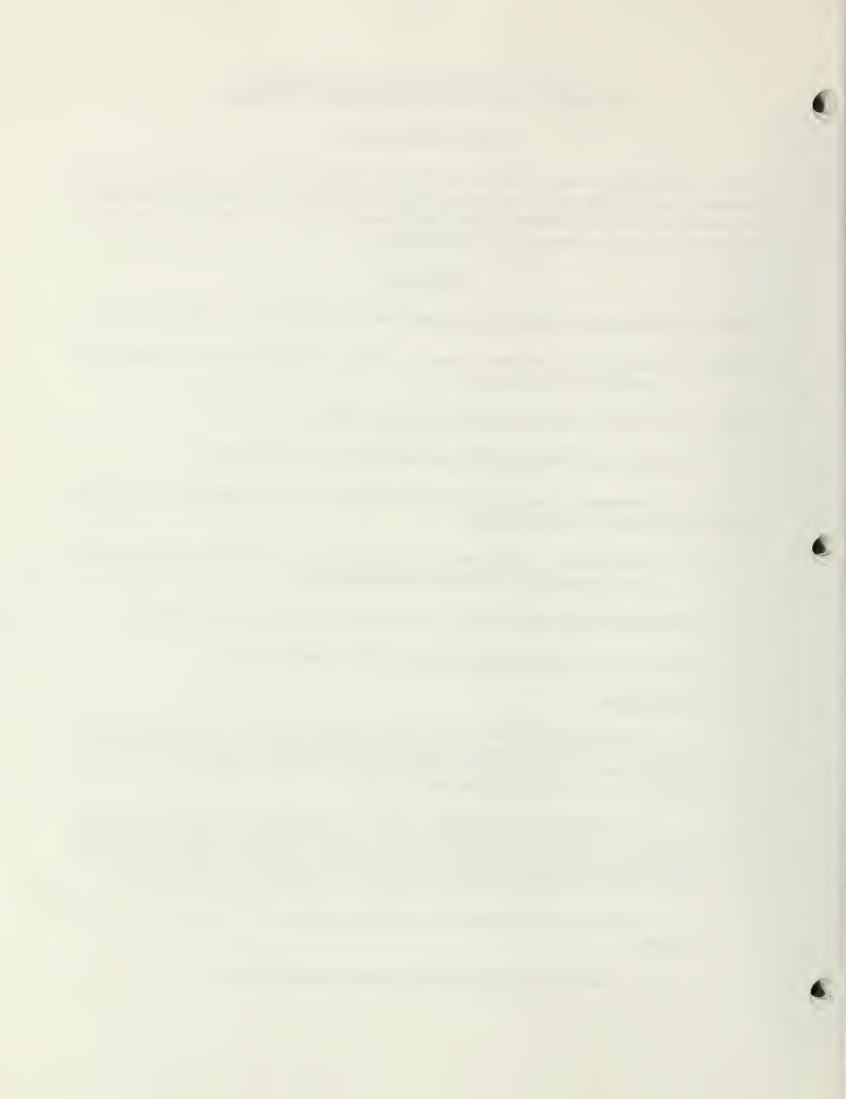
5. **Compensation**

Compensation shall be made through monthly invoices for services that the Executive Director of the Treasure Island Development Authority, in her sole discretion, concludes have been performed as of the last day of each preceding month. In no event shall the amount of this Agreement exceed \$42,000.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until services required under this Agreement are received from Contractor and approved by the Authority as being in accordance with this Agreement. Authority may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall Authority be liable for interest or late charges for any late payments.

Such section is hereby amended in its entirety to read as follows:



5. **Compensation**

Compensation shall be made through monthly invoices for services that the Executive Director of the Treasure Island Development Authority, in her sole discretion, concludes have been performed as of the last day of each preceding month. In no event shall the amount of this Agreement exceed one hundred twenty-five thousand dollars (\$125,000.00).

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until services required under this Agreement are received from Contractor and approved by the Authority as being in accordance with this Agreement. Authority may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall Authority be liable for interest or late charges for any late payments.

(b) Appendix A. Appendix A of the Agreement currently reads as follows:

APPENDIX A SCOPE OF SERVICES

At the request of the Executive Director of the Treasure Island Development Authority, Contractor will provide the following services:

High End Brochure and Announcement: Concept development, design, layout, and production of a Request for Qualifications ("RFQ") of approximately 32 pages, and complementary RFQ announcement that attracts potential developers to the Treasure Island project. Includes initial research, project management, creating an inventory of existing graphic assets, minor copy editing, two days of photography, preparation of digital files for press, and consultation with City Procurement Office on printer selection requirements.

Advertisements: Concept development, copy writing, design, layout and production of four (4) advertisements promoting the availability of the RFQ. Includes creating, proofing, and shipping final camera-ready art work and color proofs directly to selected publications in required format.

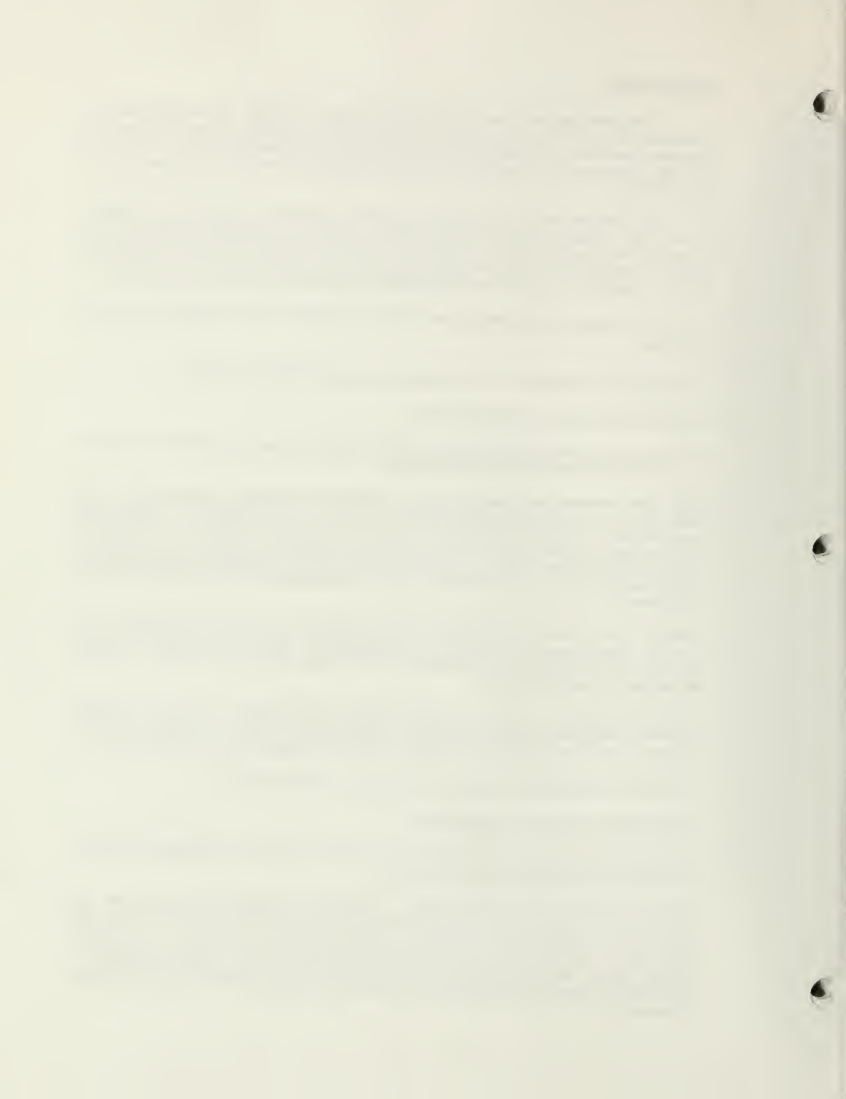
Web Site: Repurpose content of printed RFQ for the Internet. Includes developing intuitive navigation, creating web-safe versions of all required graphics, HTML programming, cross platform and browser testing and debugging, and uploading of site.

Such section is hereby amended in its entirety to read as follows:

APPENDIX A SCOPE OF SERVICES

At the request of the Executive Director of the Treasure Island Development Authority, Contractor will provide the following services:

High End Brochure and Announcement: Concept development, design, layout, and production of a Request for Qualifications ("RFQ") of approximately 32 pages, and complementary RFQ announcement that attracts potential developers to the Treasure Island project. Includes initial research, project management, creating an inventory of existing graphic assets, minor copy editing, two days of photography, preparation of digital files for press, and consultation with City Procurement Office on printer selection requirements.



Advertisements: Concept development, copy writing, design, layout and production of four (4) advertisements promoting the availability of the RFQ. Includes creating, proofing, and shipping final camera-ready art work and color proofs directly to selected publications in required format.

Web Site: Repurpose content of printed RFQ for the Internet. Includes developing intuitive navigation, creating web-safe versions of all required graphics, HTML programming, cross platform and browser testing and debugging, and uploading of site.

Design and produce RFQ envelope

Design and produce the RFQ wrap or "belly band"

Design and produce large format RFQ, including identification of image appropriate to such format, and acquiring, scanning, and testing images

Design and produce direct mail announcement and packaging. Ultimately, labeled metal canisters with printed rubber bands were selected as the packaging to announce the availability of the RFQ

Secure website URL and service location, and maintain website for six months

Design of Developers packet cover, spine, tabs, binder and box to support the RFQ identity

Printing of Developer Packet; including 32-page RFQ, belly bands, packet tabs, brochure insert, packet's introductory pages, brochure envelopes, packet mailing labels, packet box, and binders (Estimated cost of printing is \$41,000), as described more specifically in Addendum 1 to Appendix A, attached hereto and made a part hereof.

(c) Appendix B. Appendix B of the Agreement currently reads as follows:

APPENDIX B BUDGET

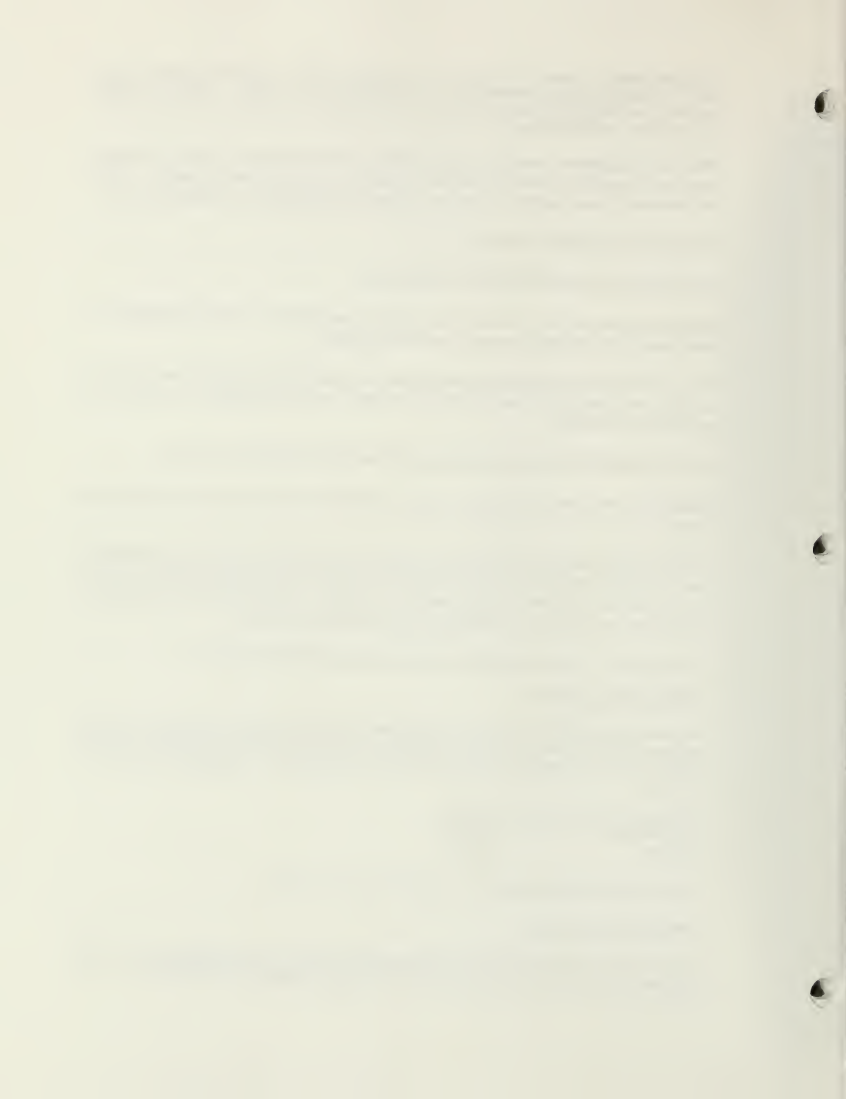
The services set forth above will be performed on a not to exceed budget of \$42,000 (includes all staff time and related expenses). The budget amount does not include printing costs, web hosting or on-going web site maintenance. The budget breakdown is as follows:

Brochure and Announcement:	\$26,500
Advertisement	\$3,000
Web site:	\$12,500

Such section is hereby amended in its entirety to read as follows:

APPENDIX B BUDGET

The services set forth above will be performed on a not to exceed budget of \$125,000 (includes all staff time and related expenses. The budget breakdown is as follows:

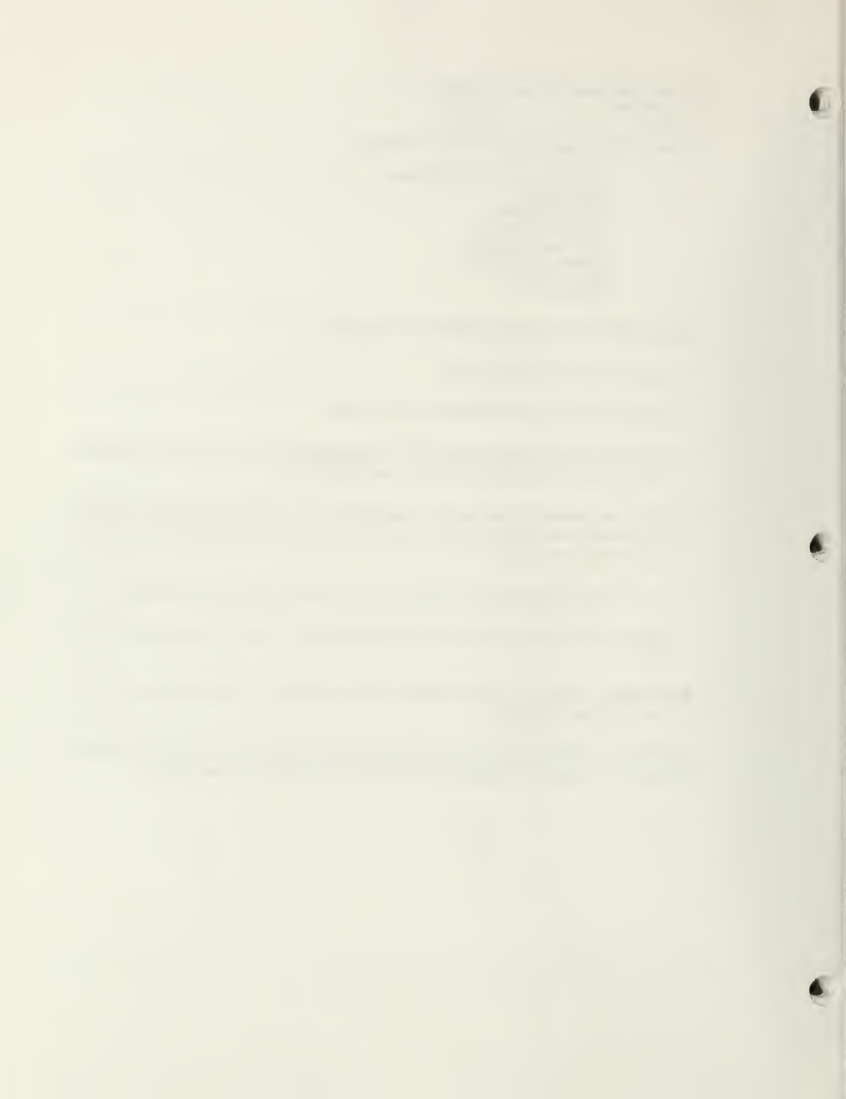


Brochure and Announcement: \$26,500
Advertisement \$3,000
Web site: \$12,500
Printing of Developer Packets: \$41,000, including:

Developer Packet Belly Bands
Packet Tabs
Brochure Insert
Packet Intro pages
Brochure envelopes
Packet mailing labels
Packet Box
Binders

Additional Services not to exceed \$42,000.00, including

- Design and produce RFQ envelope
 - Design and produce the RFQ wrap or "belly band"
 - Design and produce large format RFQ, including identification of image appropriate to such format, and acquiring, scanning, and testing images
 - Design and produce direct mail announcement and packaging. Ultimately, labeled metal canisters with printed rubber bands were selected as the packaging to announce the availability of the RFQ
 - Secure website URL and service location, and maintain website for six months
 - Design of Developers packet cover, spine, tabs, binder and box to support the RFQ identity
3. **Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after the date of this Agreement.
4. **Legal Effect.** Except as expressly modified by this Agreement, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.



IN WITNESS WHEREOF, Contractor and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY

Recommended by:

Annemarie Conroy, Executive Director
Treasure Island Development Authority

Approved as to form

Louise H. Renne
City Attorney

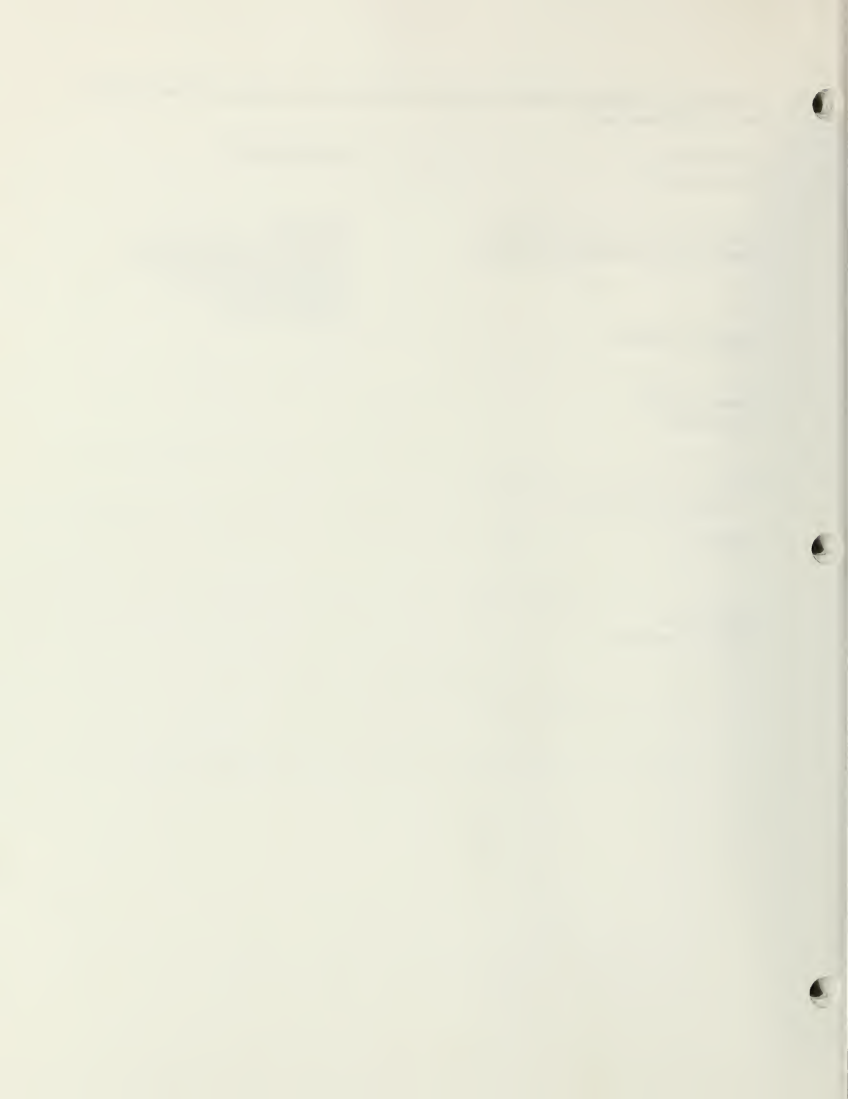
By _____
Deputy City Attorney

Approved:

Edwin M. Lee
Director of Purchasing

CONTRACTOR

Ben Davis
Words Pictures Ideas LLC
World Trade Center Suite 240
San Francisco CA 94111
FEIN: 94-3315911
Vendor # 51546



ORIGINAL

CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 PALM AVENUE
SAN FRANCISCO, CALIFORNIA 94130

AGREEMENT BETWEEN TREASURE ISLAND DEVELOPMENT AUTHORITY
AND
WORD PICTURES IDEAS, LLC.

This Agreement is made this 3rd day of July, 2000, in the City and County of San Francisco, State of California, by and between Words, Pictures, Ideas, LLC, hereinafter referred to as "Contractor," and the Treasure Island Development Authority, hereinafter referred to as "Authority," acting by and through the Executive Director of the Authority

Recitals

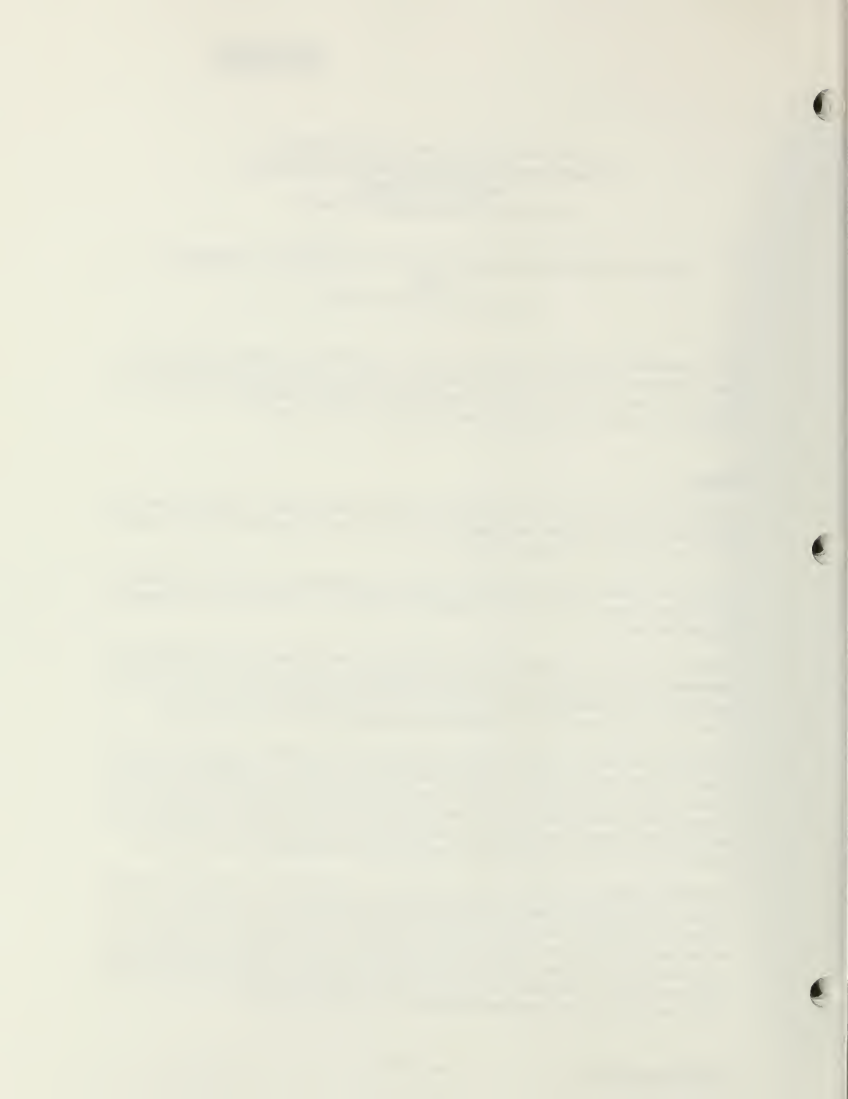
WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, In 1995, the General Services Administration and the Bureau of Land Management determined that Yerba Buena Island was surplus to the Federal Government's needs and could be transferred to the administrative jurisdiction of the Department of Defense under the Base Closure and Realignment Act of 1990 and disposed of together with Treasure Island; and,

WHEREAS, On May 2, 1997, the Board of Supervisors, the legislative body of the City and County of San Francisco ("City"), passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (l) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands Trust, vested in the Authority the Authority to administer the public trust for commerce, navigation and fisheries as to such property; and



WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency for Treasure Island in 1997; and,

WHEREAS, The Authority has passed a resolution authorizing the issuance of a Request for Qualifications for a Primary Developer for the redevelopment of the Base; and

WHEREAS, The solicitation of a Primary Developer requires extensive outreach to the development community, including an RFQ, print advertising, and web page design; and

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required by City as set forth under this Contract; and,

WHEREAS, approval for said Agreement was obtained from Civil Service Commission by Resolution No. 3022 dated 6/29/00

00/01

Now, THEREFORE, the parties agree as follows:

1. **Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation**

This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to Authority or City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. **Term of the Agreement**

Subject to Section 1, the term of this Agreement shall be from July 3, 2000 through June 30, 2001.

1. The first part of the report deals with the general situation of the country and the position of the various groups.

2. The second part of the report deals with the economic situation and the measures taken to improve it.

3. The third part of the report deals with the social situation and the measures taken to improve it.

4. The fourth part of the report deals with the cultural situation and the measures taken to improve it.

5. The fifth part of the report deals with the political situation and the measures taken to improve it.

6. The sixth part of the report deals with the international situation and the measures taken to improve it.

7. The seventh part of the report deals with the future prospects of the country and the measures taken to improve it.

8. The eighth part of the report deals with the conclusion of the report and the measures taken to improve it.

9. The ninth part of the report deals with the appendix and the measures taken to improve it.

10. The tenth part of the report deals with the bibliography and the measures taken to improve it.

11. The eleventh part of the report deals with the index and the measures taken to improve it.

12. The twelfth part of the report deals with the conclusion of the report and the measures taken to improve it.

13. The thirteenth part of the report deals with the appendix and the measures taken to improve it.

14. The fourteenth part of the report deals with the bibliography and the measures taken to improve it.

15. The fifteenth part of the report deals with the index and the measures taken to improve it.

16. The sixteenth part of the report deals with the conclusion of the report and the measures taken to improve it.

17. The seventeenth part of the report deals with the appendix and the measures taken to improve it.

3. **Effective Date of Agreement**

This Agreement shall become effective when the City's Controller has certified to the availability of funds and Contractor has been notified in writing.

4. **Services Contractor Agrees to Perform**

The Contractor agrees to perform the tasks outlined in Appendix A "Scope of Services" in accordance with the Project timelines also included in Appendix "A".

5. **Compensation**

Compensation shall be made through monthly invoices for services that the Executive Director of the Treasure Island Development Authority, in her sole discretion, concludes have been performed as of the last day of each preceding month. In no event shall the amount of this Agreement exceed \$42,000.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until services required under this Agreement are received from Contractor and approved by the Authority as being in accordance with this Agreement. Authority may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

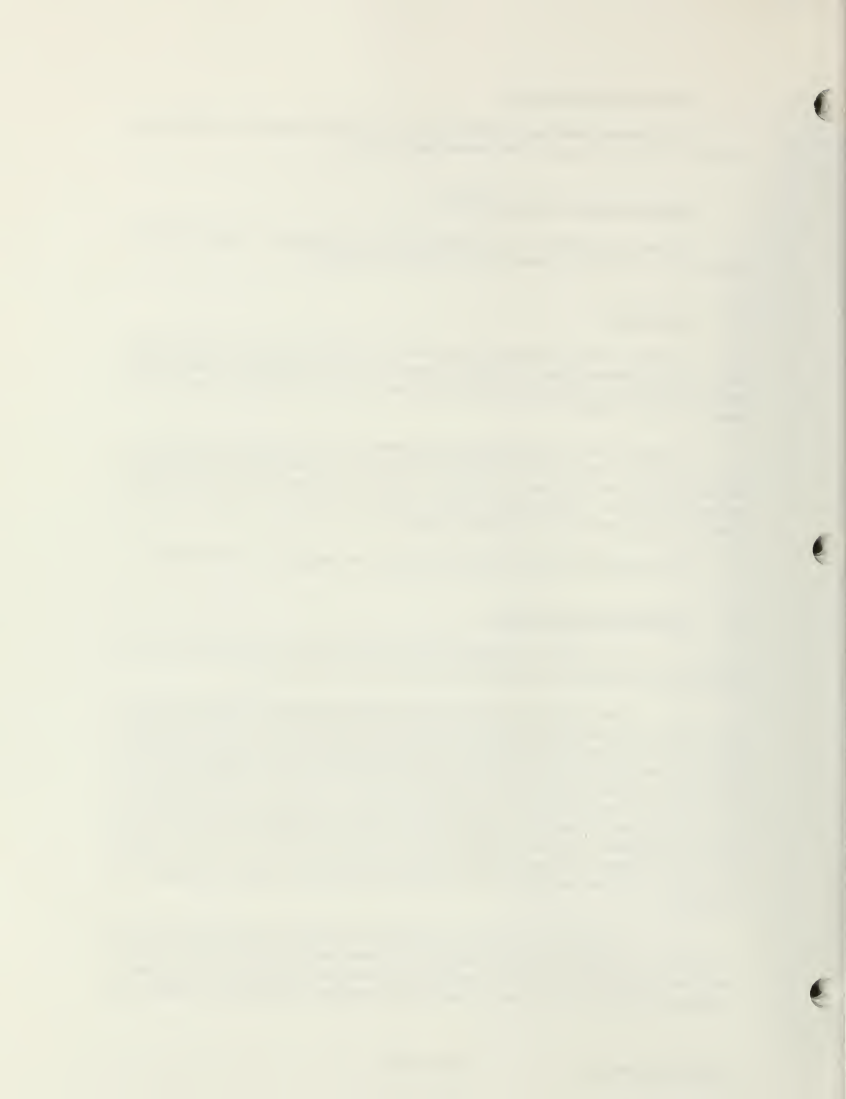
In no event shall Authority be liable for interest or late charges for any late payments.

6. **Guaranteed Maximum Costs**

a. The Authority's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by City ordinances governing emergency conditions, the Authority, City and their employees and officers are not authorized to request Contractor to perform services or to provide materials, equipment and supplies that would result in Contractor performing services or providing materials, equipment and supplies that are beyond the scope of the services, materials, equipment and supplies agreed upon in the contract unless the agreement is amended in writing and approved as required by law to authorize the additional services, materials, equipment or supplies. The City is not required to reimburse Contractor for services, materials, equipment or supplies that are provided by Contractor which are beyond the scope of the services, materials, equipment and supplies agreed upon in the contract and which were not approved by a written amendment to the agreement having been lawfully executed by the Authority.

c. The Authority, City and their employees and officers are not authorized to offer or promise to Contractor additional funding for the contract which would exceed the maximum amount of funding provided for in the contract for Contractor's performance under the contract. Additional funding for the contract in excess of the maximum provided in the contract shall



require lawful approval and certification by the Controller of the City and County of San Francisco. The Authority is not required to honor any offered or promised additional funding for a contract which exceeds the maximum provided in the contract which requires lawful approval and certification of the Controller when the lawful approval and certification by the Controller has not been obtained.

d. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

7. **Payment; Invoice Format**

Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include the Contract Progress Payment Authorization number. All amounts paid by Authority to Contractor shall be subject to audit by Authority.

Payment shall be made by Authority to Contractor at the address specified in the section entitled "Notices to the Parties."

8. **Submitting False Claims; Monetary Penalties**

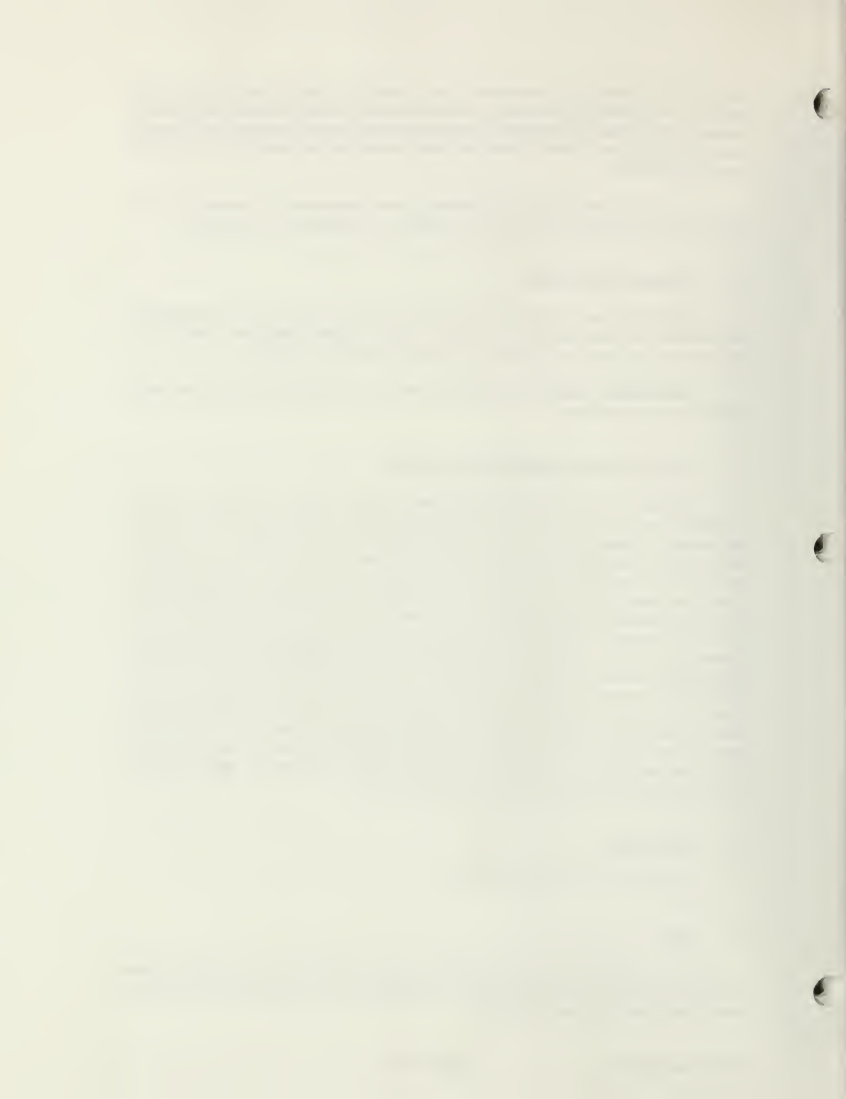
Pursuant to San Francisco Administrative Code section 6.57, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorney's fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

9. **Disallowance**

Left blank by agreement of the parties.

10. **Taxes**

a. Payment of any taxes, including possessory interest taxes and California Sales and Use Taxes, levied upon this Agreement, the transaction, or the services delivered pursuant hereto, shall be the obligation of Contractor.



b. If this Agreement entitles Contractor to the possession, occupancy or use of Authority or City real property for private gain, then the following provisions apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that this Agreement may create a possessory interest subject to property taxation and Contractor, and any permitted successor or assign, may be subject to the payment of such taxes.

(2) Contractor, on behalf of itself and any permitted successors and assigns, further recognizes and understands that any assignment permitted hereunder and any exercise of any option to renew or other extension of this Agreement may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder. Contractor shall report any assignment or other transfer of any interest in this Agreement or any renewal or extension thereof to the County Assessor within sixty days after such assignment, transfer, renewal or extension.

(3) Contractor further agrees to provide such other information as may be requested by the Authority to enable the Authority or City to comply with any reporting requirements under applicable law with respect to possessory interests.

11. Payment Does Not Imply Acceptance of Work

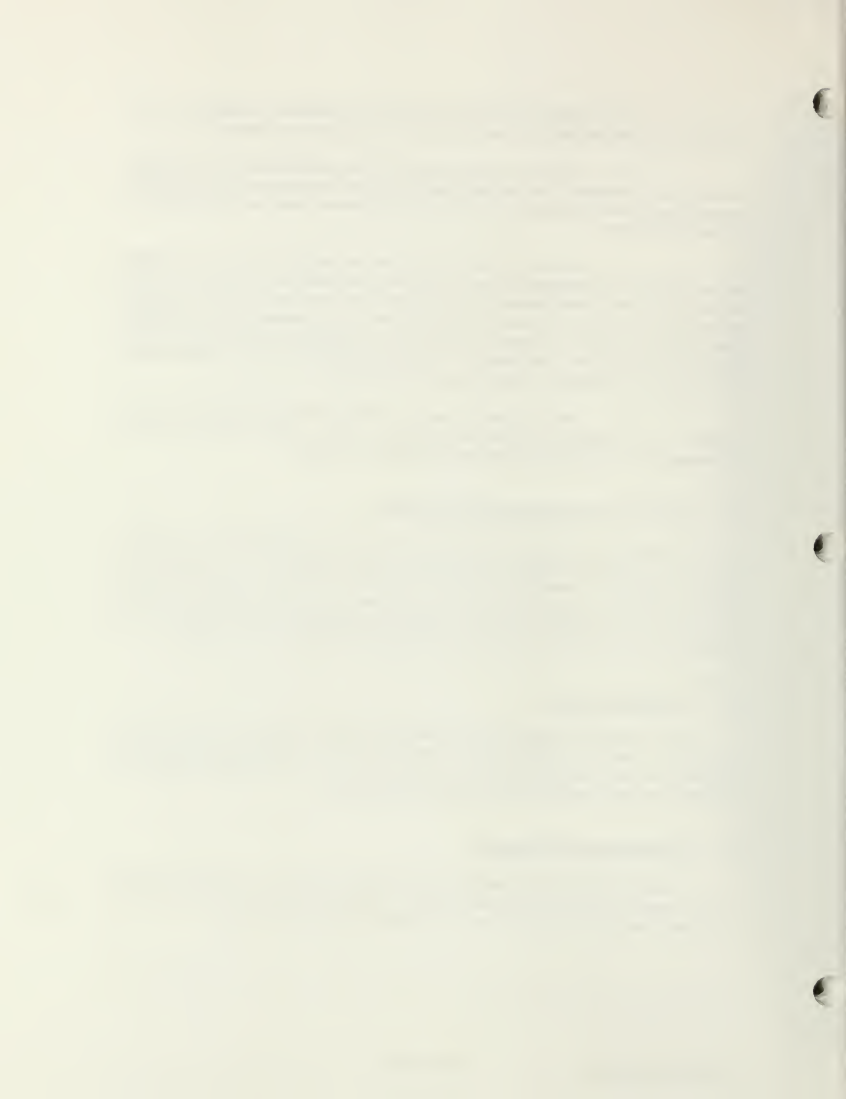
The granting of any payment by Authority or City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship which do not conform to the requirements of this Agreement may be rejected by Authority and in such case must be replaced by Contractor without delay.

12. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with Authority's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at Authority's request, must be supervised by Contractor.

13. Responsibility for Equipment

Authority shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by Authority.



14. Independent Contractor; Payment of Taxes and Other Expenses

a. Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by Authority under this Agreement. Contractor is liable for the acts and omissions of itself, its employees and its agents. Nothing in this Agreement shall be construed as creating an employment or agency relationship between Authority and Contractor.

Any terms in this Agreement referring to direction from Authority shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained.

b. Should Authority, in its discretion, or a relevant taxing authority such as the City, Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). Authority shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for Authority, upon notification of such fact by Authority, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability).

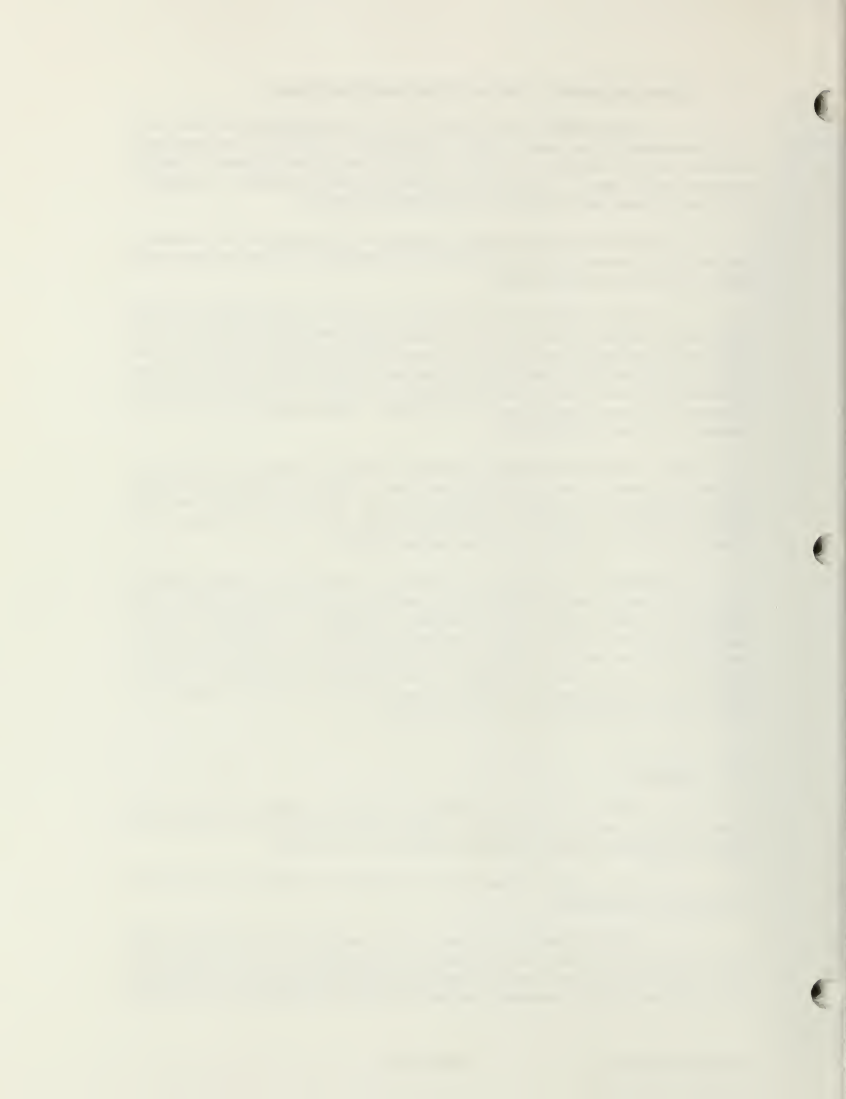
A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of Authority or City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in Authority's financial liability so that Authority's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Worker's Compensation, with Employers' Liability Limits not less than \$1,000,000 each accident; and

(2) In consideration of deletion of the requirement for Commercial General Liability Insurance Contractor will not engage in activities likely to create the risk of bodily injury or property damage to the public. Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property



Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and:

(1) Name as Additional Insured the Treasure Island Development Authority, the City and County of San Francisco, and their Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide:

Thirty (30) days' advance written notice to Authority of cancellation mailed to the following address:

Annemarie Conroy, Executive Director
Treasure Island Development Authority
City and County of San Francisco
410 Palm Avenue Room 229
San Francisco, CA 94130

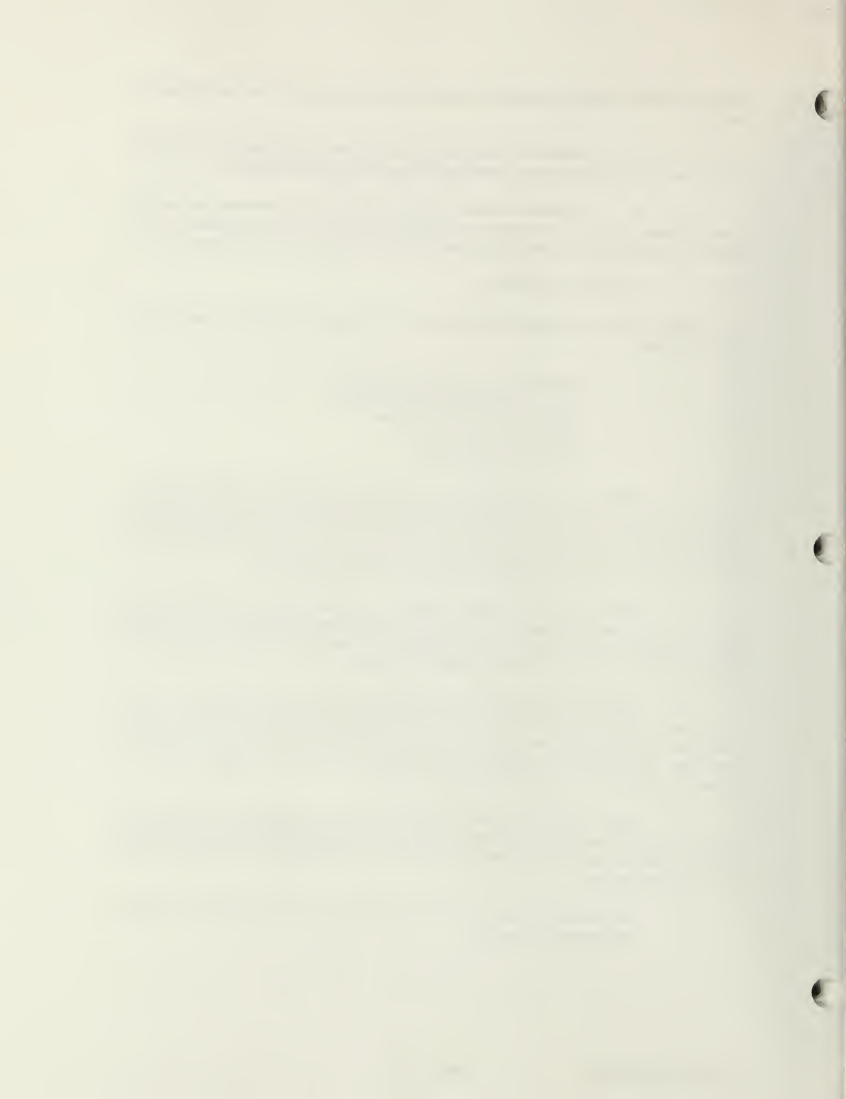
d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the Authority receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Authority may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor must furnish to Authority certificates of insurance, in form and with insurers satisfactory to Authority, evidencing all coverages set forth above, and shall furnish complete copies of policies promptly upon Authority request.

h. Approval of the insurance by Authority shall not relieve or decrease the liability of Contractor hereunder.



16. Indemnification

Contractor shall indemnify and save harmless Authority and City and their officers, agents and employees from, and, if requested, shall defend them against any and all loss, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, resulting directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, the use of Contractor's facilities or equipment provided by Authority or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on Authority, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of Authority and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee.

In addition to Contractor's obligation to indemnify Authority, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by Authority and continues at all times thereafter.

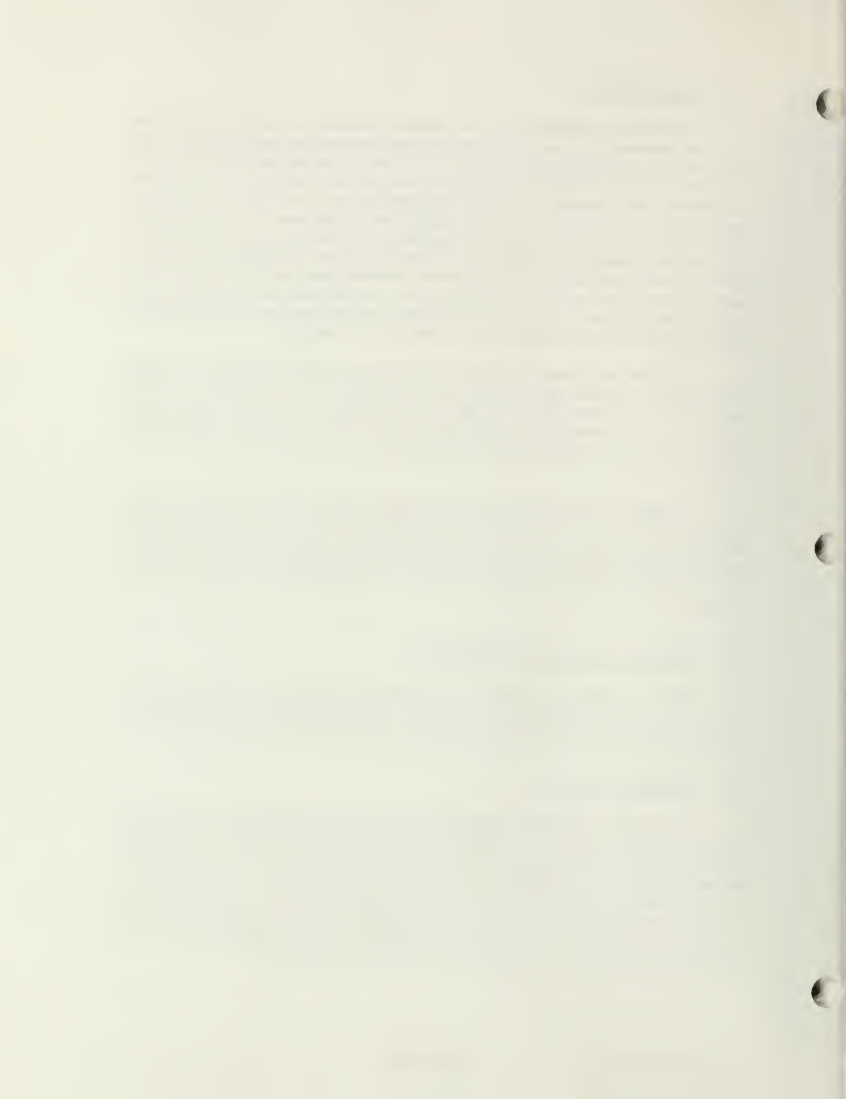
Contractor shall indemnify and hold Authority harmless from all loss and liability, including attorney's fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark and all other intellectual property claims of any person or persons in consequence of the use by Authority, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

17. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights which Authority or City may have under applicable law.

18. Liability of Authority

AUTHORITY'S OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL AUTHORITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.



19. Liquidated Damages

Left blank by agreement of the parties.

20. Bankruptcy

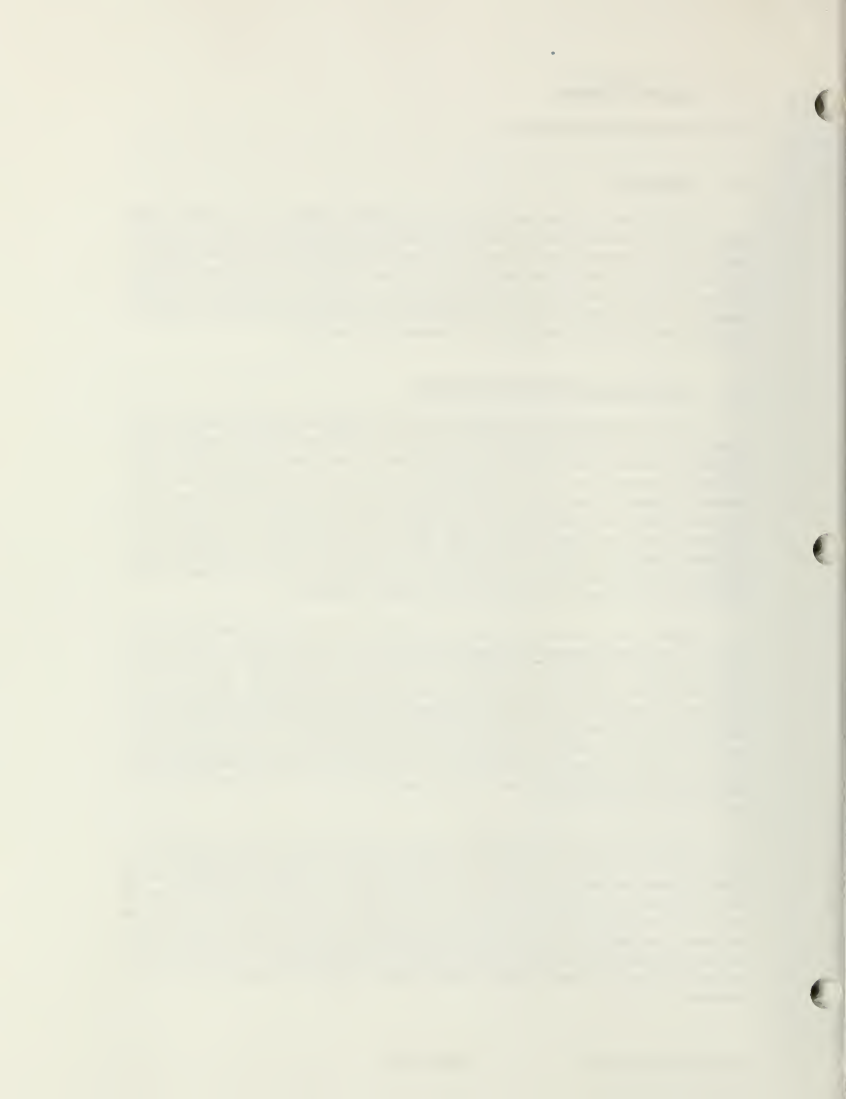
In the event that either party shall cease conducting business in the normal course, become insolvent, make a general assignment for the benefit of creditors, suffer or permit the appointment of a receiver for its business or assets or shall avail itself of, or become subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or the protection of rights of creditors, then at the option of the other party this Agreement shall terminate and be of no further force and effect, and any property or rights of such other party, tangible or intangible, shall forthwith be returned to it.

21. Termination/Termination for Convenience

In the event Contractor fails to perform any of its obligations under this Agreement, this Agreement may be terminated and all of Contractor's rights hereunder ended. Termination will be effective after ten days written notice to Contractor. No new work will be undertaken after the date of receipt of any notice of termination, or five days after the date of the notice, whichever is earlier. In the event of such termination, Contractor will be paid for those services performed under this Agreement to the satisfaction of the Authority, up to the date of termination. However, Authority may offset from any such amounts due Contractor any liquidated damages or other costs Authority has or will incur due to Contractor's non-performance. Any such offset by Authority will not constitute a waiver of any other remedies Authority may have against Contractor for financial injury or otherwise.

Authority may terminate this Agreement for Authority's convenience and without cause at any time by giving Contractor thirty days written notice of such termination. In the event of such termination, Contractor will be paid for those services performed, pursuant to this Agreement, to the satisfaction of the Authority up to the date of termination. In no event will Authority be liable for costs incurred by Contractor after receipt of a notice of termination. Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, or any other cost which is not reasonable or authorized under this section. This section shall not prevent Contractor from recovering costs necessarily incurred in discontinuing further work under the contract after receipt of the termination notice.

Upon termination of this Agreement, Contractor will submit an invoice to Authority for an amount which represents the value of its work or services actually performed prior to the effective date of termination for which Contractor has not previously been compensated, except that with respect to reimbursement for Contractor's services, in no event will the compensation paid for the month in which termination occurs be greater than the scheduled monthly fee multiplied by a fraction, the numerator of which will be the days in the month elapsed prior to the termination and the denominator of which shall be 31. Upon approval and payment of this invoice by Authority, Authority shall be under no further obligation to Contractor monetarily or otherwise.



22. Contractor's Default

Failure or refusal of Contractor to perform any work or service or do any act required under this Agreement shall constitute a default. In the event of any default, in addition to any other remedy available to Authority, this Agreement may be terminated by the Authority pursuant to the terms of Section 21 herein. Such termination shall not waive any other legal remedies available to Purchasing.

23. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provisions of Section 15.103 and Appendix C 8.105 of City's Charter and Section 87100 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions.

24. Proprietary or Confidential Information of Authority

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by Authority and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to Authority. Contractor agrees that all information disclosed by Authority to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties

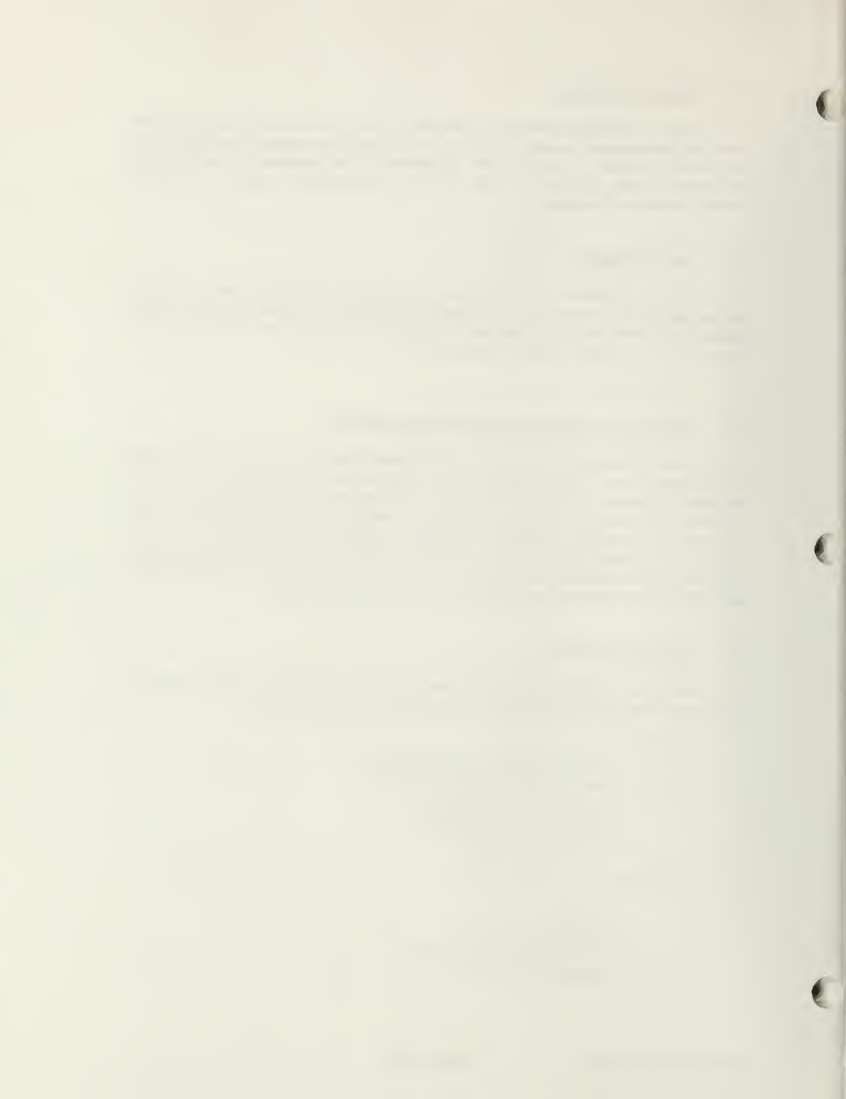
All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and registered as follows:

To City:

Annemarie Conroy, Executive Director
Treasure Island Development Authority
City and County of San Francisco
410 Avenue of Palms, Building 1
San Francisco, CA 94130

To Contractor:

Ben Davis
Words Pictures Ideas LLC
World Trade Center, Suite 240
San Francisco, CA 94111



26. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, studies, reports, memoranda, computation sheets, the contents of computer diskettes, or other documents prepared by Contractor or its Subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to Authority. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Works for Hire

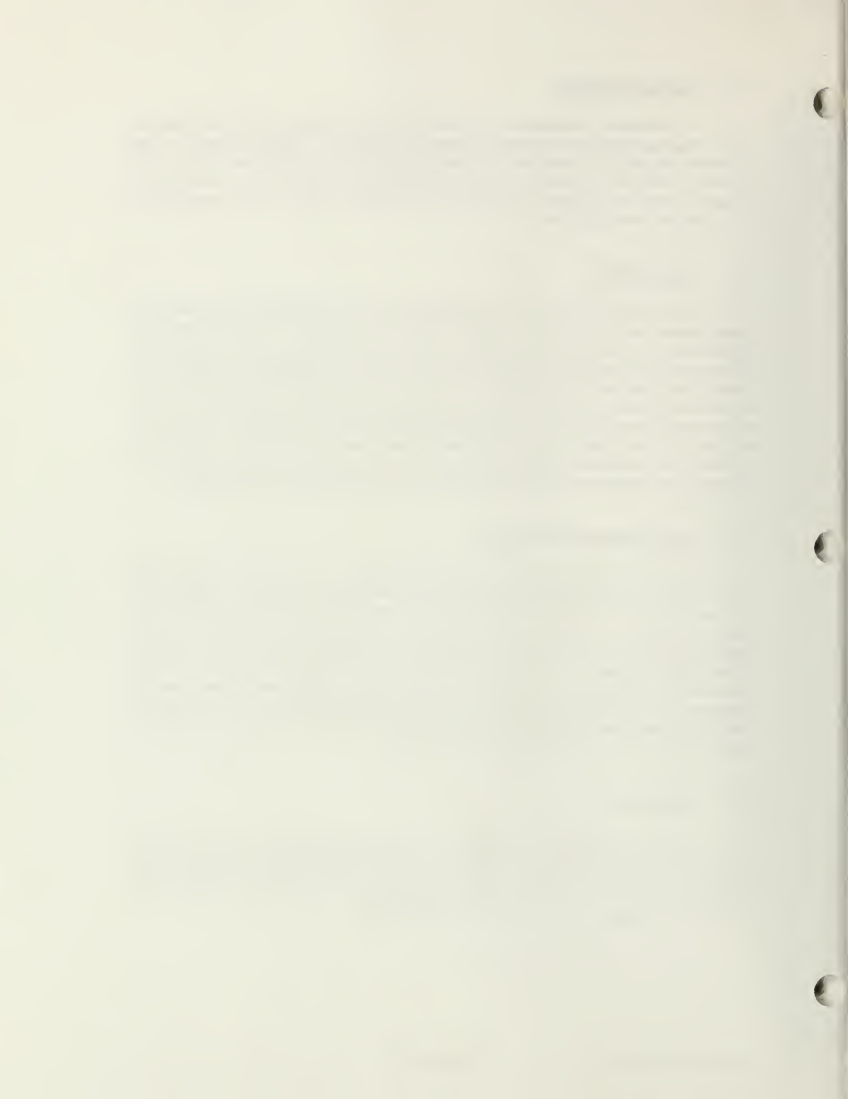
If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the Authority. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the Authority, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the Authority, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

28. Audit and Inspection of Records

Contractor agrees to maintain and make available to the Authority, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit Authority to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The City, the State of California or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon Authority by this Section.

29. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by Authority in a written instrument executed and approved in the same manner as this Agreement. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.



30. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by Authority by written instrument executed and approved in the same manner as this Agreement.

31. Minority/Women/Local Business Utilization; Liquidated Damages

Contractor understands and agrees to comply fully with all provisions of Chapter 12D ("Minority/Women/Local Business Utilization") of the San Francisco Administrative Code. Said provisions are incorporated herein by reference and made a part of this Agreement as though fully set forth.

In the event Contractor willfully fails to comply with any of the provisions of Chapter 12D, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or ten percent (10%) of the total amount of this Agreement, or one thousand dollars (\$1,000), whichever is greatest. The amount of liquidated damages imposed will be determined by the Director of the City's Human Rights Commission (HRC) after investigation pursuant to §12D.14(C).

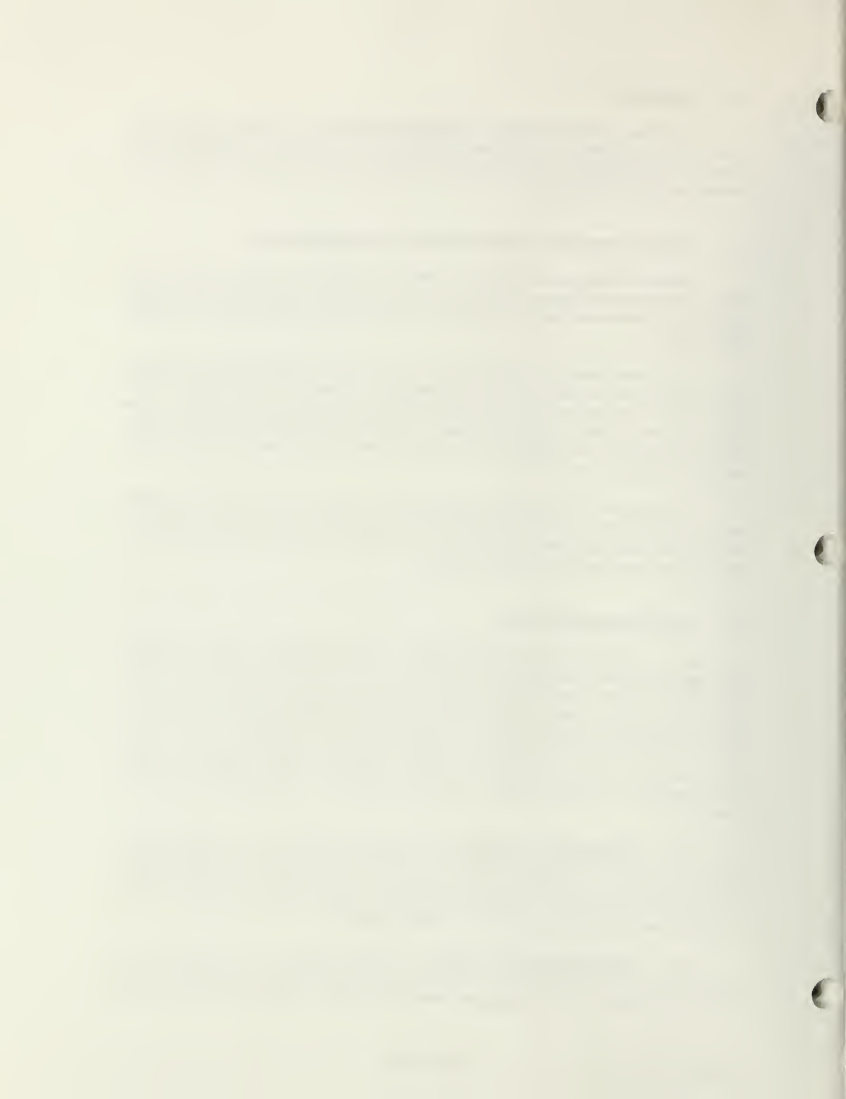
By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City.

32. Nondiscrimination; Penalties

(a) Contractor Shall Not Discriminate. In the performance of this Agreement, Contractor agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with Contractor, in any of Contractor's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Contractor.

(b) Subcontracts. Contractor shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United



States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) Condition to Contract. As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

33. MacBride Principles--Northern Ireland

Pursuant to San Francisco Administrative Code section 12.F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

34. Tropical Hardwood and Virgin Redwood Ban

Pursuant to San Francisco Administrative Code section 12I.5(b), the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood or virgin redwood or tropical hardwood or virgin redwood product.

35. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

1. The first part of the report discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud.

2. The second part of the report outlines the various methods used to collect and analyze data. It describes the use of statistical techniques to identify trends and patterns in the data, and the importance of ensuring that the data is representative and unbiased.

3. The third part of the report discusses the results of the analysis. It presents a series of graphs and tables that show the distribution of the data and the results of the statistical tests. The results indicate that there is a significant correlation between the variables being studied, and that the data is consistent with the hypotheses being tested.

4. The fourth part of the report discusses the implications of the findings. It suggests that the results of the study could be used to inform policy decisions and to improve the efficiency of the financial system. It also notes that further research is needed to confirm the findings and to explore the underlying causes of the observed trends.

5. The fifth part of the report discusses the limitations of the study. It notes that the data used in the analysis was limited in scope and that the results may not be generalizable to other contexts. It also acknowledges that there are several potential sources of bias that could affect the results, and that these should be taken into account when interpreting the findings.

6. The sixth part of the report discusses the conclusions of the study. It summarizes the main findings and suggests that the results are consistent with the hypotheses being tested. It also notes that the study has identified several areas for further research and that the findings have important implications for the financial system.

7. The final part of the report discusses the acknowledgments and references. It thanks the individuals and organizations that provided support and resources for the study, and lists the sources of the data and the literature cited in the report.

36. Resource Conservation; Liquidated Damages

Chapter 21A of the San Francisco Administrative Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 21A will be deemed a material breach of contract.

In the event Contractor fails to comply in good faith with any of the provisions of Chapter 21A, Contractor will be liable for liquidated damages in an amount equal to Contractor's net profit under this Agreement, or five percent (5%) of the total contract amount, whichever is greater. Contractor acknowledges and agrees that the liquidated damages assessed shall be payable to City upon demand and may be offset against any monies due to Contractor from any contract with City.

37. Compliance with Americans with Disabilities Act

Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

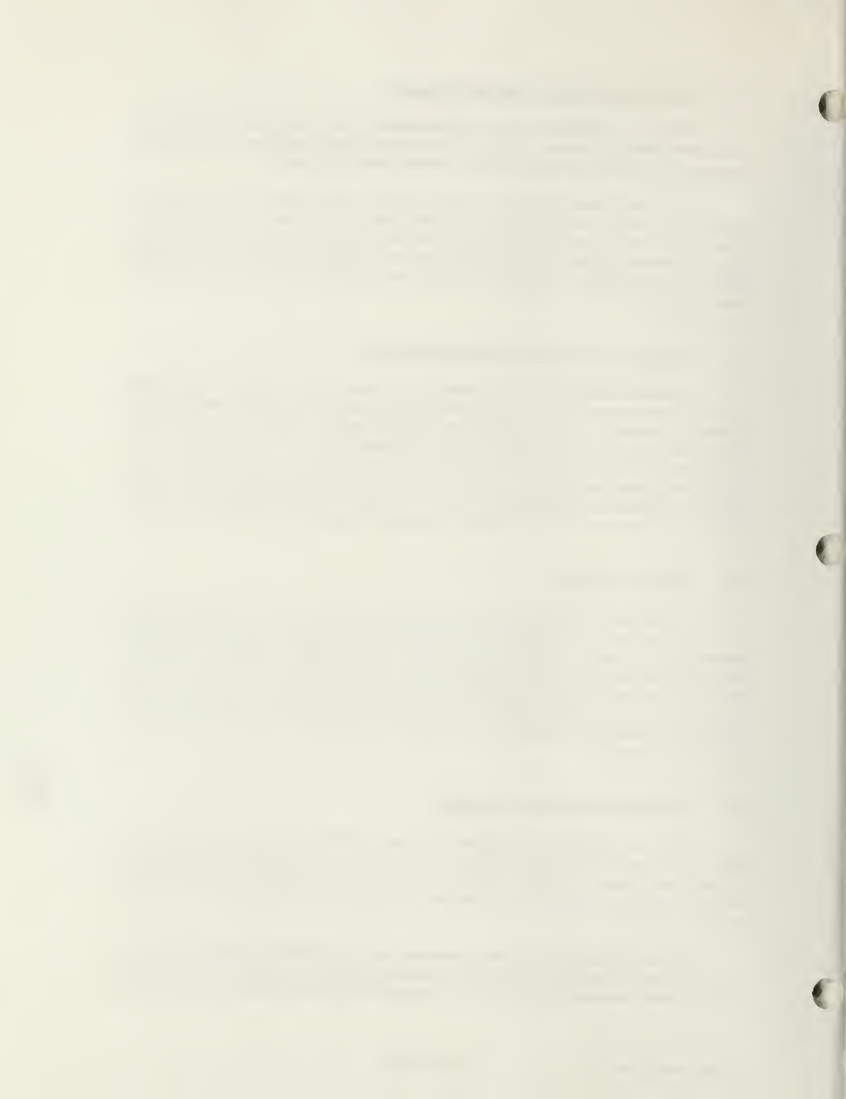
38. Sunshine Ordinance

In accordance with San Francisco Administrative Code section 67.24(e), contracts, contractors' bids, responses to requests for proposals and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

39. Prohibiting City Business with Burma

~~By its execution of this Agreement, Contractor attests that it is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar), or a "prohibited person or entity" as defined in San Francisco Administrative Code section 12J.2(G). The City may terminate this Agreement for default if Contractor violates the terms of section 12J.2(G).~~

~~Chapter 12J of the San Francisco Administrative Code is hereby incorporated by reference as though fully set forth herein. The failure of Contractor to comply with any of its requirements shall be deemed a material breach of contract. In the event that Contractor fails to comply in good~~



~~faith with any of the provisions of Chapter 12J of the San Francisco Administrative Code, Contractor shall be liable for liquidated damages for each violation in an amount equal to Contractor's net profit under the contract, or 10% of the total amount of the contract, or \$1,000, whichever is greatest. Contractor acknowledges and agrees that the liquidated damages assessed shall be payable to the City upon demand and may be set off against any moneys due to the Contractor from any City contract.~~

40. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

41. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.

42. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Authority who shall decide the true meaning and intent of the Agreement.

43. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

44. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

45. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 41.

1. The first part of the document is a list of the names of the persons who have been appointed to the various offices of the city of New York.

2. The second part of the document is a list of the names of the persons who have been appointed to the various offices of the city of New York.

3. The third part of the document is a list of the names of the persons who have been appointed to the various offices of the city of New York.

4. The fourth part of the document is a list of the names of the persons who have been appointed to the various offices of the city of New York.

5. The fifth part of the document is a list of the names of the persons who have been appointed to the various offices of the city of New York.

6. The sixth part of the document is a list of the names of the persons who have been appointed to the various offices of the city of New York.

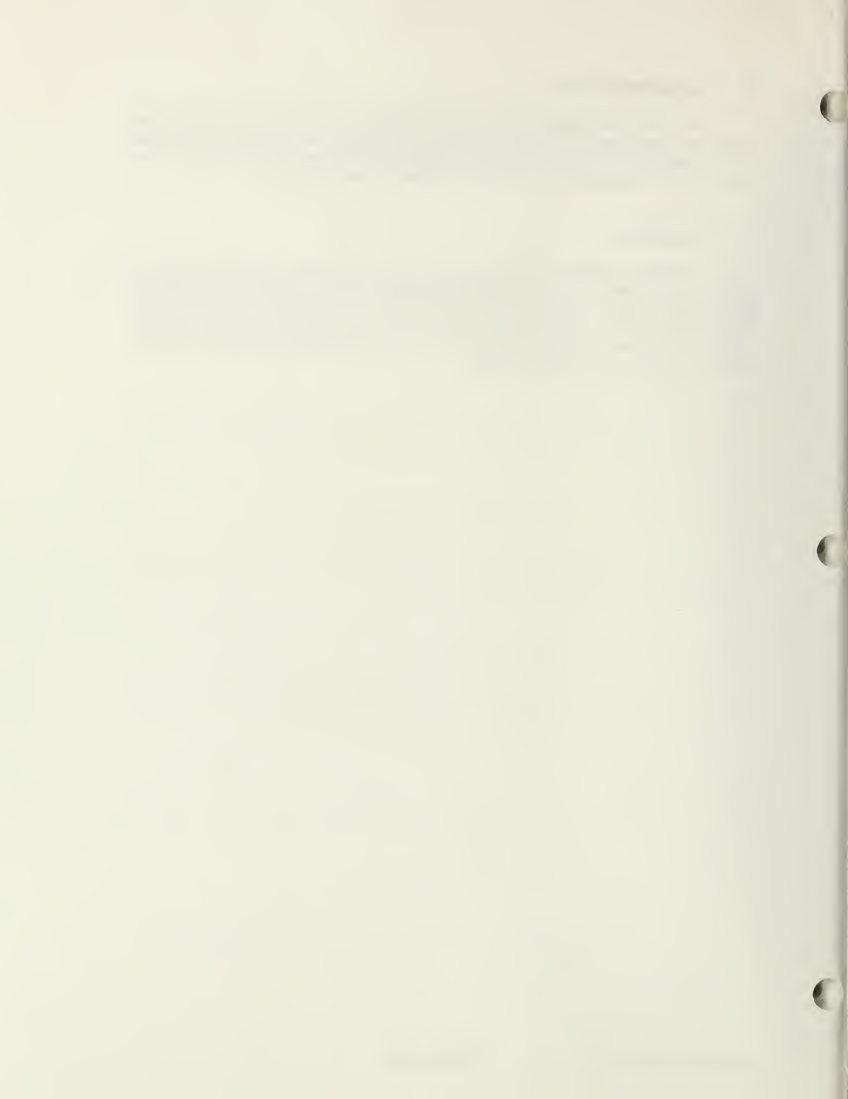
7. The seventh part of the document is a list of the names of the persons who have been appointed to the various offices of the city of New York.

46. Compliance With Laws

Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

47. Severability

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY

CONTRACTOR

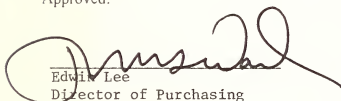
Recommended and approved by:

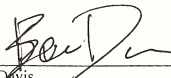

Annemarie Conroy, Executive Director
Treasure Island Development Authority

Louise H. Renne
City Attorney


By 
Deputy City Attorney

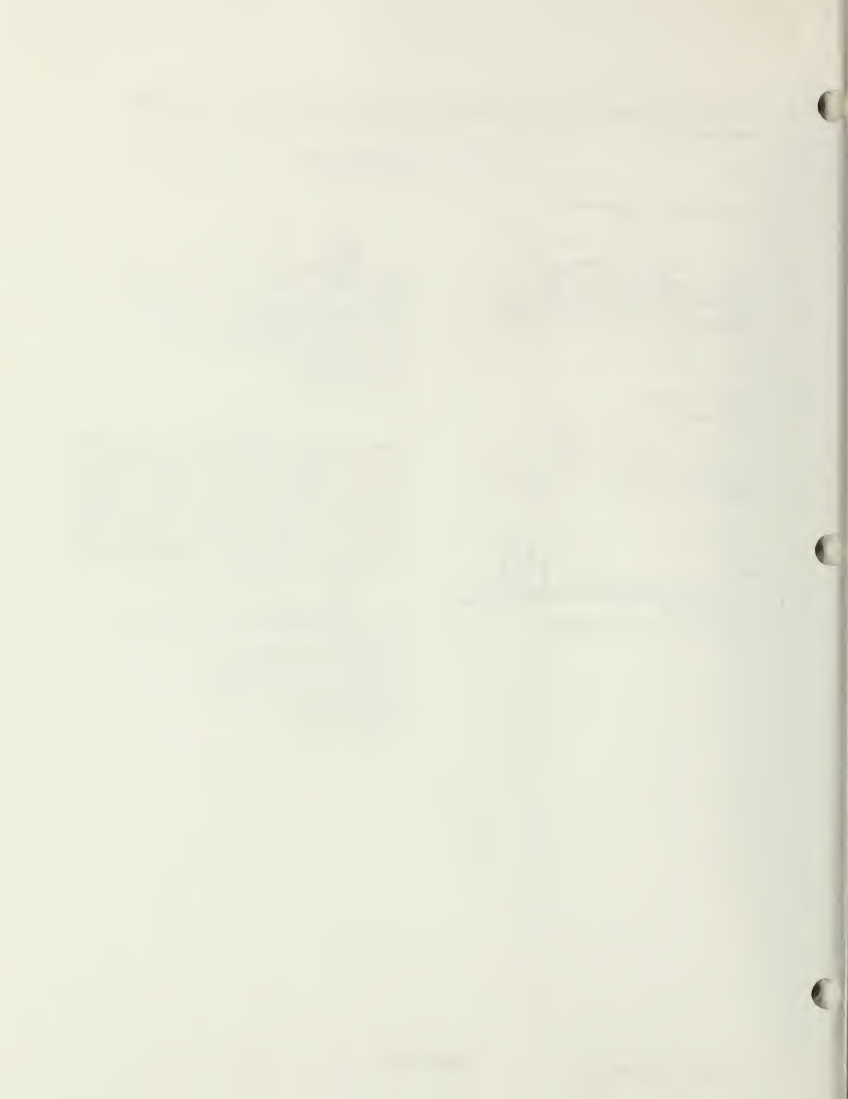
Approved:


Edwin Lee
Director of Purchasing

By: 
Ben Davis
Words Pictures Ideas LLC
World Trade Center, Suite 240
San Francisco, CA 94111
FEIN: 943315911
Vendor # 51546

I have read and understood Sec. 33, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

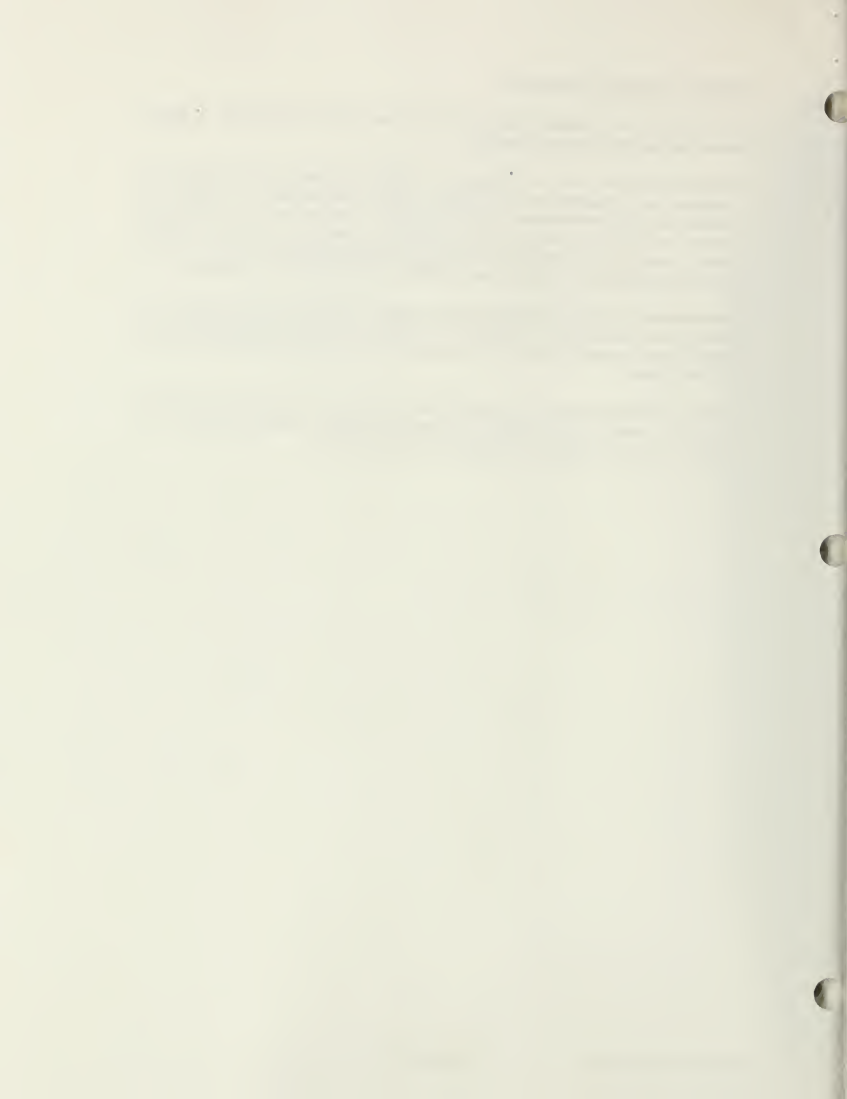
By 
Ben Davis
Words Pictures Ideas LLC
World Trade Center, Suite 240
San Francisco, CA 94111
FEIN: 943315911
Vendor # 51546



APPENDIX A SCOPE OF SERVICES

At the request of the Executive Director of the Treasure Island Development Authority, Contractor will provide the following services.

- ♦ **High-end Brochure and Announcement:** Concept development, design, layout and production of a Request for Qualifications ("RFQ" approximately 32 pages) and complementary RFQ announcement that attracts potential developers to the Treasure Island project. Includes initial research, project management, creating an inventory of existing graphic assets, minor copy editing, two days of photography, preparation of digital files for press, and consultation with City Procurement Office on printer selection requirements.
- ♦ **Advertisements:** Concept development, copy writing, design, layout and production of 4 advertisements promoting the availability of the RFQ. Includes creating, proofing, and shipping final camera-ready artwork and color proofs directly to selected publications on the required formats.
- ♦ **Web Site:** Repurpose content of printed RFQ for the Internet. Includes developing intuitive navigation, creating web-safe versions of all required graphics, html programming, cross-platform and browser testing and debugging, and uploading of site.

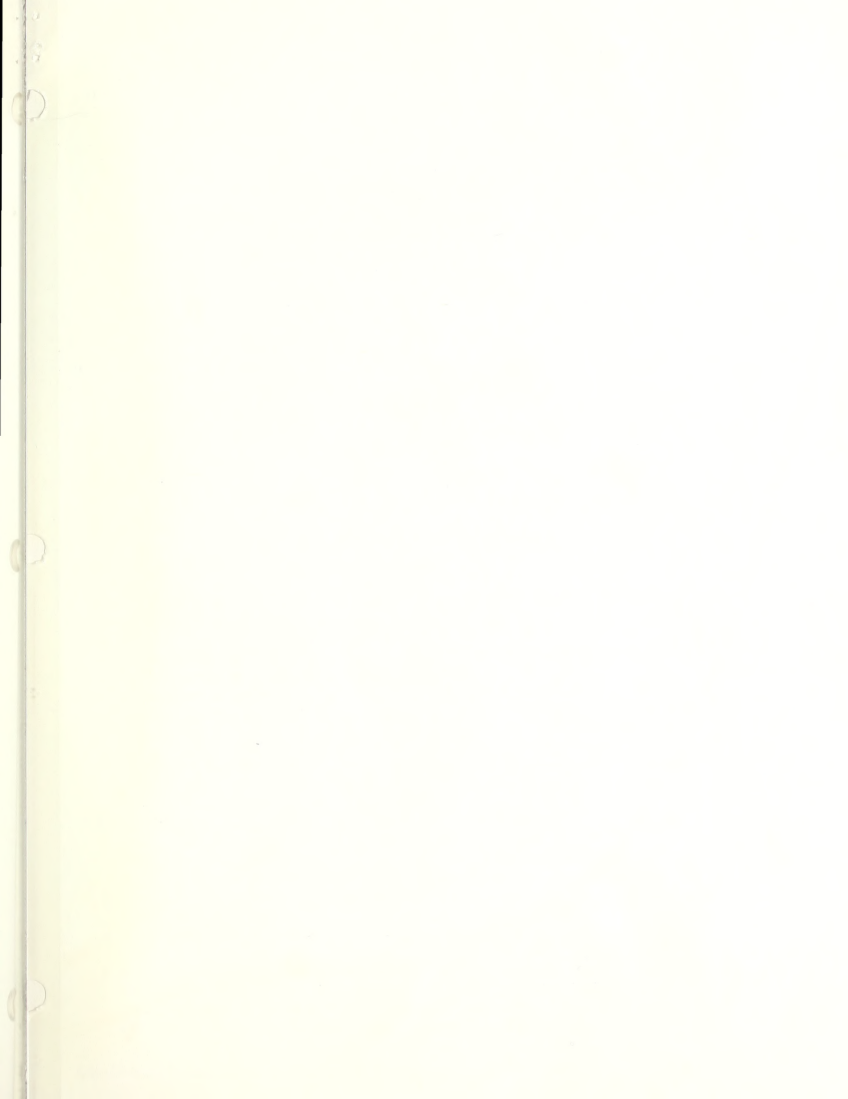


APPENDIX B BUDGET

The services set forth above will be performed on a not to exceed budget of \$42,000 (includes all staff time and related expenses). The budget amount does not include printing costs, web hosting or on-going web site maintenance. The budget breakdown is as follows:

- ♦ Brochure and Announcement: \$26,500
- ♦ Advertisements: \$3,000
- ♦ Web Site: \$12,500





DOCUMENTS DEPT.

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The Treasure Island Project

Treasure Island Development Authority | Citizen Advisory Board | Public Information
History | Frequently Asked Question | Special Events | Contact | Filming Opportunities
Treasure Island Development Authority

**MINUTES FOR SPECIAL MEETING
SEPTEMBER 13, 2000**

Call to Order: 1:06 p.m. Room 400, City Hall.

1. Roll Call: Present: John Elberling - Vice Chair, Doug Wong, James Morales (1:21pm), Anne Halsted, Gerald Green, Susan Po-Rufino.

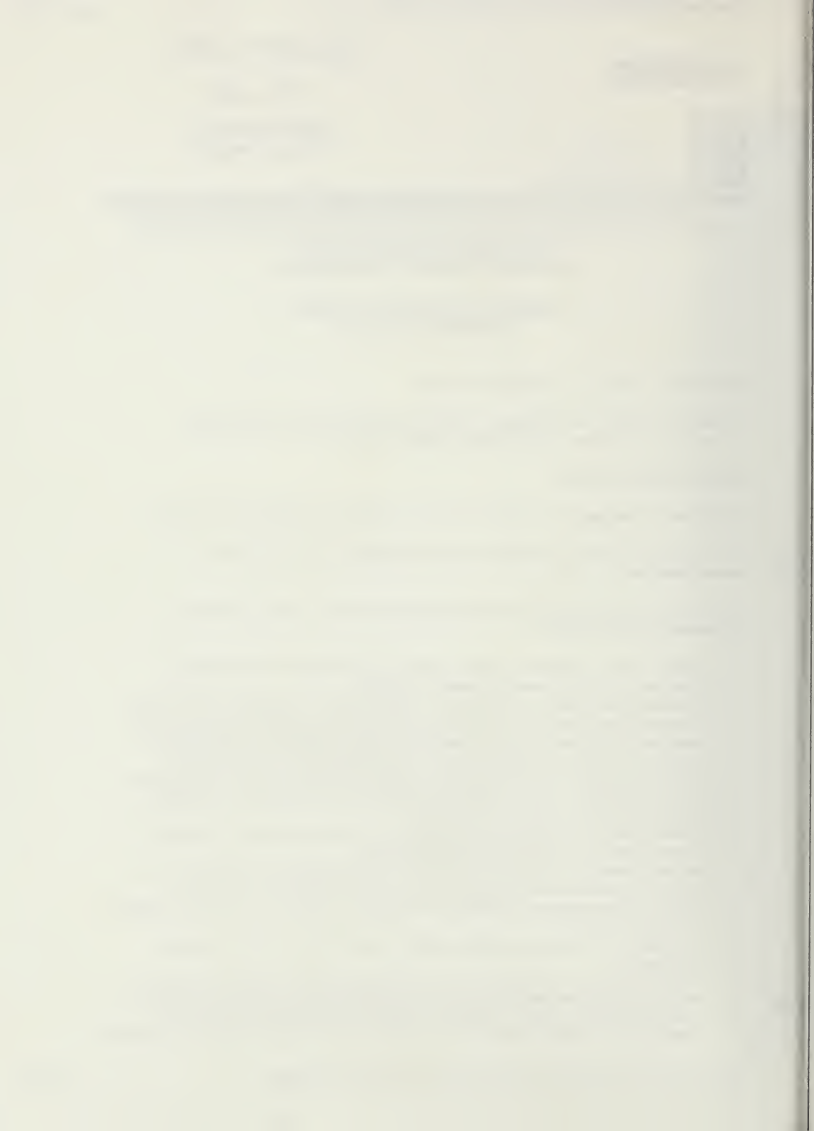
Excused: William Fazande

2. Approval of Minutes: The minutes of July 26, 2000 were approved unanimously.

3. Correspondence The Commission Secretary reported that there were no communications.

4. Executive Director's report given by Development Director Stephen Proud in Annemarie Conroy's absence.

- Open Access - Continues to be busy with past and future events including Fleetweek on the weekend of October 6, 2000.
- Environmental clean up - Clean up on Treasure Island continues. The Navy has completed some work in the housing area in order to execute leasing that has been held up between the John Stewart Company and TIHDI. The Authority expects to execute the leases shortly for the remaining member agencies.
- Short-term Leases - The Authority has entered into several short-term leases.
- The San Francisco District Attorney's Office for 1,200 square feet of space in Building One for a rental rate of \$2,700.
- Delancey Street Foundation has requested to exercise their option to extend their sublease for an additional one-year term.
- We are continuing to work with the Police, Fire and Sheriff's departments on executing subleases with each agency for various facilities on the island.
- ESPN - X-Games lease will expire on October 31, 2000. They have not submitted a request to renew.
- Bay Bridge - No new information. Defer to next month for more thorough information
- Community Issues - Project Read, an after school tutorial program works in conjunction with the Boys & Girls Club. The residents are sponsoring a District 6 candidate night in October. A grant has been received from the US Tennis Association for tennis instruction on the island. Treasure Island community picnic



is scheduled for October 21, 2000. All authority members are invited to attend.

- Citizens Advisory Committee - Board of Supervisors appointed 11 and the Mayor appointed 14 for a total of 25. Letters will go out to announce the first meeting sometime in October on Treasure Island at Job Corps location. By-laws for CAC are expected to be presented for approval to the authority at the October meeting.
- TIHDI - Hoping to move the housing forward after their final approvals from the Navy. Proposal was submitted by TIHDI for the use of the Childcare Facility. A request is in to the navy for a Master Lease for the Childcare Facility. Mr. Mahoney has also met with TIHDI to locate a meeting space for their service providers.
- Financial Reports- The board requested information on the financial status of the Authority's budget. The Project Office projected 4.8 million for fiscal year as of October 31; we received \$441,000 in revenues or approximately equal to 9% of the revenues projected for the year. The John Stewart Company's deal will kick in a large percentage of revenues effective November 1, 2000. Our expenses match our revenues \$329,000 or 6.8% of the budget.
- Legislative Affairs - Two pieces of legislation effecting TI

1) Asking to submit Grant Proposal - Submitted for deconstruction of buildings on TI. Waste Management Board has recommended approval of the grant. Finalization by the Waste Management Board is scheduled for September 19th in Sacramento.

2) States legislation relating to the formation of the Water Transit Initiative Task Force. A line item has allocated 2 million dollars to TI. The Project Office is trying to determine what the 2 million dollars will be used for and whether we can to California Transportation Commission for the money or whether we need to apply to the newly established Bay Area Water Transit Authority. We submitted an application to MTC to do ferry upgrades and one use for the 2 million will be to implement regular ferry service.

Mr. Elberling asked for an update on increased Muni service. Mr. Proud stated the increased service has made a big difference in the morning commute. The Island has a significant Muni ridership. Still problems with evening and weekend service.

Mr. Elberling asked for an update on playground and Mr. Proud replied he had no information. Executive Director can report on playground next month.

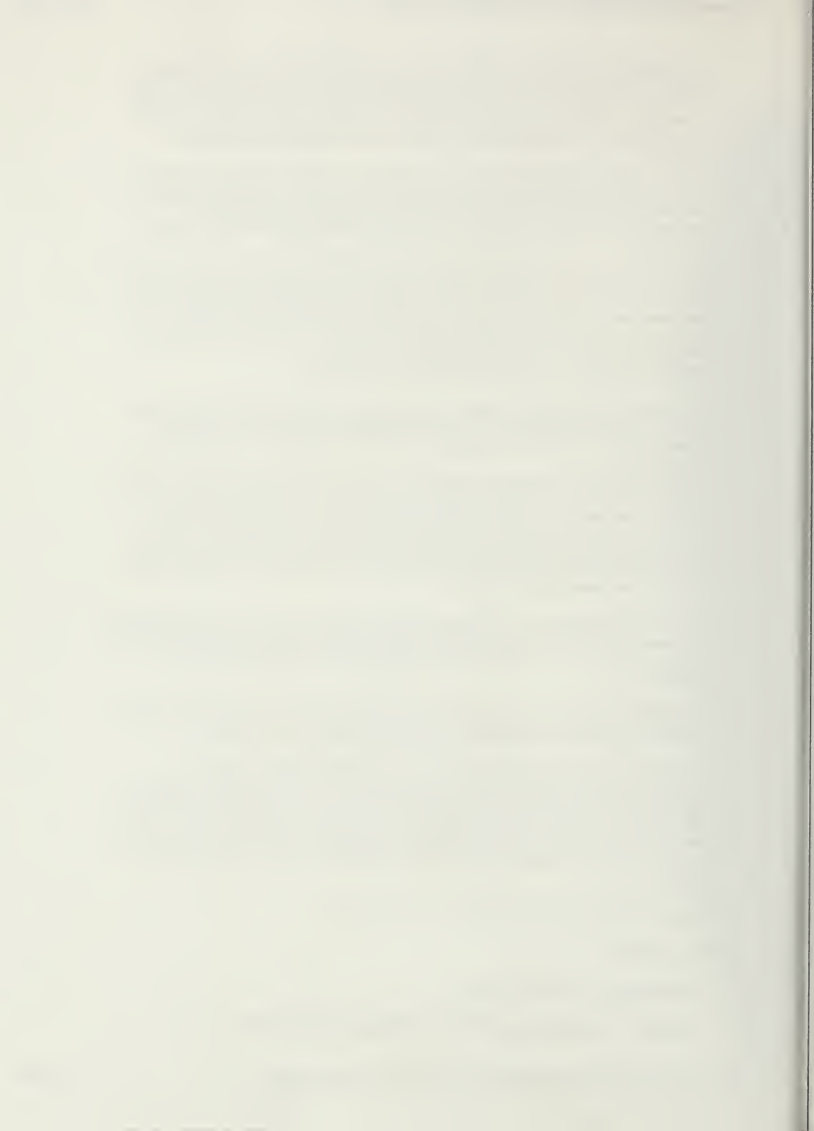
Mr. Elberling asked that a list of the newly appointed Citizens Advisory Committee members be provided to the Authority. Mr. Elberling also asked does the Authority look at the by-laws for the CAC. Mr. Cohen explained the process of drafting the by-laws would be based on other CAC's in San Francisco. The by-laws will be presented to the Authority for approval at the October meeting. Then an orientation will be done for the CAC to explain the project, Authority and by-laws.

5. Authority members' Ongoing Business - There was none.

6. Public Comment

Alex Clemens - New CAC member

1) Bylaws - would like to participate in drafting by-laws for CAC



- 2) Would like more evening Muni service

Carrie Dipman - TIHDI

- 1) Muni - late and evening service is still a problem. Is working with the Project Office to secure service to the East Bay with AC Transit.

7. Resolution approving extension and amendments thereto of three Master Leases, South Waterfront, Marina, and Special Events, with the US Navy.

Mr. Proud announced London Breed is the new Commission Secretary and Development Specialist.

Ms. Breed stated on September 4, 1998, the Authority entered into lease agreements with the US Navy for the Marina Master Lease, which generally consist of the Marina, the administrative building for the Marina and cafe. The Events Venues Master Lease which generally consist of Casa de la Vista, the Nimitz Conference Center, Nimitz House and other event venues on the island. The South Waterfront Lease which primarily consist of Building One (Administration Building), Building Two (Nash Bridges), Buildings Three, and Building 180 which primarily serve the film industry and special events.

Staff recommends approval of the resolution for an amendment to extend the all three Master Leases between the Authority and the US Navy.

Mr. Green moved, Ms. Halsted seconded. Approved 6-0

8. Resolution approving extension of a month-to-month sublease with Island Creative Management for Building 99.

Ms. Breed, the staff is requesting the Authority to adopt a resolution to continue the month-to-month sublease with Island Creative on the same terms as the original sublease dated September 1, 1999. The sublease provides use of portions of building 99 and was amended on August 21, 2000 to extend the premises. The resolution will extend the sublease for an additional 6-month term. The rent for the facility is \$10,500 per month and is used primarily for construction of sets for film productions, special events, and provides an essential use for the film industry.

Mr. Green moved approval, Mr. Wong seconded. Approved, 6-0

9. A resolution approving an extension of the month to month sublease with W Wong construction for Building 62 for storage space.

Ms. Breed, Staff request the Authority to adopt a resolution to continue a month-to-month sublease with W Wong Construction to continue use of Bldg. 62 on the same terms as the original sublease dated July 1, 1999. Bldg. 62 is used for storage space for office-related equipment, files, and records and for no other purpose. They currently pay \$2,000 per month.

Mr. Elberling asked how many square feet is the building. Mr. Proud replied Approximately 10,000 sq. feet, W Wong only occupies 2,000 sq. ft

Mr. Green confirmed that the spaced was just office and not construction equipment.



Mr. Green moved, Mr. Wong seconded. Approved 6-0

10. Resolution approving an amendment to the Delancey Street Foundation sublease to reduce the premises by excluding Building 298.

Mr. Proud, in October 1998 the Authority entered into a sublease with the Delancey Street Foundation for three Buildings on Treasure Island. One Building is used as the Cafe and another used as the Life Learning Academy, for high school program activities. The third Building has been used for storage space for the cafe. With regards to item 11, there have been discussions with the TI Yacht Club to use Building 298 as an interim facility for the club. Delancey decided that since their lease was up for renewal, and as part of the original authorization the Executive Director has the ability to renew the sublease, however they no longer wished to occupy Building 298. Delancey requests that the Authority amend the leased premise to exclude Building 298.

Mr. Green asked if Delancey was reducing their programs and Mr. Proud replied no, just the premises that was not utilize.

Mr. Green moved, Mr. Wong seconded. Approved, 6-0

11. Resolution approving sole source negotiate with the TI Yacht club for Building 298.

Mr. Proud, Delancey Street Foundation sublease will be amended to excluded Building 298 from the premises. The TI Yacht Club (TIYC) has had a present on TI since the 60's and has expressed interest in using a facility on TI. The use will be part of the Marina expansion. The TIYC will give TI an opportunity to expand water activity throughout the Bay Area, because they provide privileges to other YC's. The lease will no interfere with the Authority's long-term development plans.

Ms. Halsted asked how does the Yacht Club work with Treasure Island Enterprises (TIE). Mr. Proud replied the TIYC has been in contact with TIE to discuss how the use would occur. They eventually will work with TIE for space in the future.

Mr. Green suggested that the information provided indicates the lease is short term on a year-to-year basis, and asked how long will it actually be? Mr. Proud -replied as indicated we guard the long-term goals of the island, and will not allow anything to interfere. The term will be until the new facility is constructed through TIE, they may need to form a relationship with the TIE. Once the Authority gives the project office permission to enter into sole source negotiations, the project office will come back to the Authority with rental rates, required improvements, the premise boundaries, etc. The public benefit is the expansion of recreational opportunities for residents. Live aboard and island residents will be able to join.

Harland Van Wye - Commodore of the TIYC commented that historically the Navy has financially supported the YC primarily because of their summer training program for children on the Island. Having a physically presence in the Harbor area is crucial for the YC to continue and grow. Need to increase membership to pay the rent. TIYC have been in discussions with Delancey Street, and hope to bring revenue to the cafe through catering. 80% of the visits to the club will be by auto rather than boat.

Ms. Halsted asked are is there an existing sailing program for youth and can there be coordination between the two, and Mr. Proud replied the sailing center offers sailing to the Delancey Street programs only, this will be open to general TI residents. Mr. Van



Wye remarked that they have been in talks with Gold Rush 2000 to work together on their programs. They anticipate an active environment in the cove area.

Ms. Halsted asked how occupied are the births? Mr. Proud replied they are all full and there is a waiting list.

Mr. Elberling asked what the annual membership fee? Mr. Van Wye replied \$100.00 because it has been subsidized by the Navy. Will need to increase for the new rent obligations, are trying to keep the dues as low as possible. They will provide maintenance to the facility including painting the exterior.

Mr. Cohen replied because this is asking the Authority to enter into sole source negotiations, it does require a simple majority vote.

Ms. Halsted moves approval, Ms. Po-Rufino seconded, Approved 6-0

12. A resolution in support of an application to CA dept of trade and commerce for a 135,000 grant to identify means to seismic strengthen the causeway, and to develop construction ready specifications.

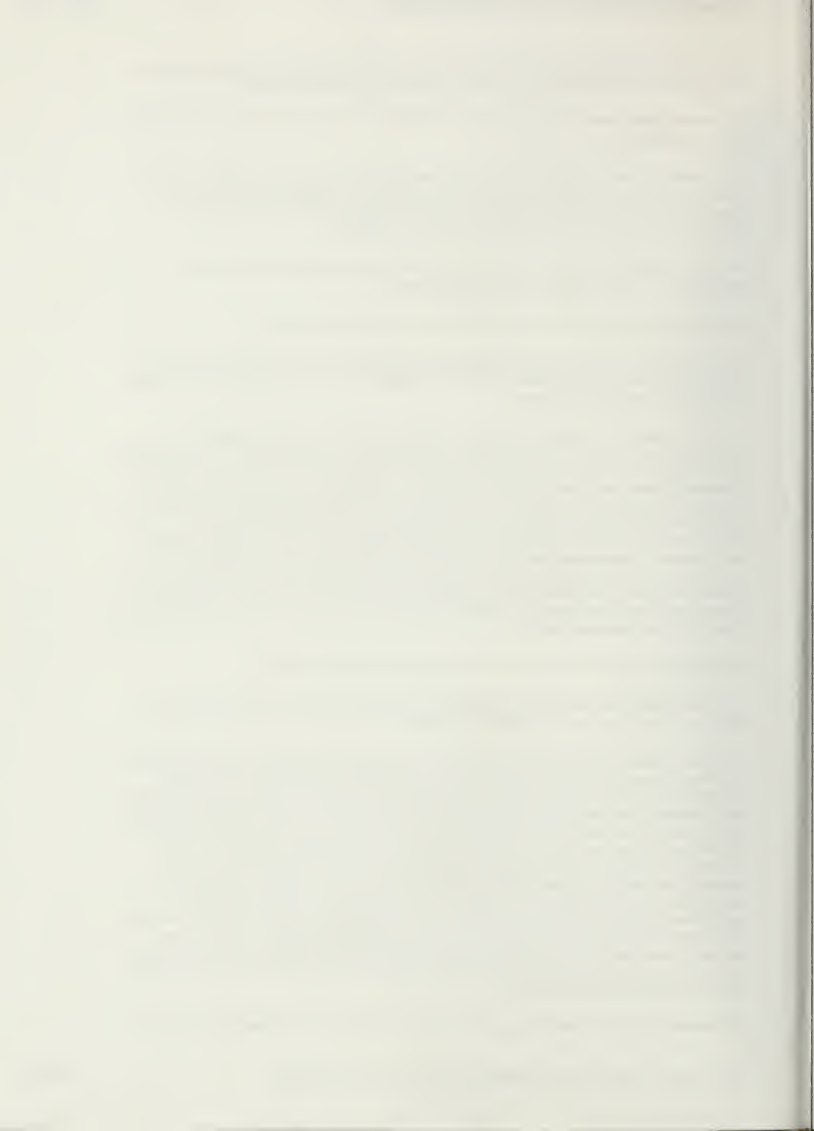
Mr. Proud replied the authority has taken action to identify funding to seismic strengthen the causeway. The causeway is the primary access between TI and YBI and major utilities are located through the causeway. The project office has met with EDA to identify grants and have submitted a primary application for a preparation of drawings. Once those are completed we can submit follow-up applications to begin the actually work on the causeway. A program administered by the Ca Trade and Commerce Agency, the CA Defense Adjust and Matching Grants Programs or CDAM, which allows TI to provide matching portions that we need to secure the EDA grant. The primary amount we're seeking is \$270,000. \$135,000 from CA Trade and Commerce Agency will serve as the matching portion, with no cost to the Authority. Staff is seeking authorization to submit the application to the CA Trade and Commerce Agency for the matching funds.

Ms. Po-Rufino moves approval, Mr. Morales seconded, Approved 6-0

13. A resolution approving an amendment to the contract with Words, Pictures and Ideas, for an amount not to exceed \$125,000.

Mr. Proud replied on June 14, the Authority approved the request for qualifications for a master developer. The project office has been working to prepare a series of marketing pieces that will assist with the distribution of the RFQ including advertising, direct mailing, web site and the RFQ itself to solicit developers interest in the project. Three bids were submitted by firms that have done business with the city and Words, Pictures and Ideas was chosen because it provided the lowest contract bid in the amount of \$42,000. As we progressed with the process other ideas have begun to emerge. The Design Company will solicit bids for a printing company. The not to exceed amount of \$125,000 will include marketing (advertising and web site), distribution, printing, production, mailing, and related pieces that accompany the RFQ. Because of the purchasing rules and procedures established by the Authority, the Authority must approve any contract amount over \$50,000. Staff requests to amend the contract to finish the design piece and complete the RFQ. Ben Davis, principal for Words, Pictures and Ideas is here.

Ms. Halsted comments that this is a very important step to make sure we get to the



best candidates for the project. The work was outstanding, however she is surprised at the cost.

Mr. Green asked how did you arrive at the additional cost? Mr. Proud replied solely related to printing, not included in the originally cost. \$41,000 of the additional \$83,000 will go towards printing, the remaining is a contingency budget for follow-up information.

Mr. Green asked who makes the decision to spend the rest of the money. Mr. Proud replied the authorization to spend the money is before you today, if given the authorization to spend, we as staff will administer the money. We wanted to establish a threshold so that we would not need to come to the Authority on this matter again. We need the flexibility to finish the work.

Mr. Wong asked the cost of the packets. Mr. Proud replied the developer packets will cost \$250.00 each to offset the cost all materials. The staff will provide a sample of the packet at the October meeting, and the web site www.jewellofthebay.com will be up and running next Friday. First add appears in Urban Land magazine this month.

Ms. Halsted asked when can we expect to receive the RFQ in the mail. Mr. Proud replied once the amount has been approved to pay the printing cost etc. It can go into the mail the first week in October.

Mr. Elberling asked if \$41,000 was the low bid? Mr. Proud replied yes, assured the Authority that have tried to minimize the cost, by being creative, using oversized paper, to print more information.

Mr. Elberling expressed concerned about the amount it cost for the design.

Ms. Po-Rufino asked for information on the RFQ from Commissioner Halsted on the design. Mr. Proud replied originally we only had a rough idea of what was needed for the RFQ. Have relied heavily on the design team for soliciting a printer and taking care of the details that were left out. Mr. Davis replied that more aggressive communication tool, were asked to do additional work that was not included originally. By producing 1000 copies we save money it would ensure enough for distribution.

Ms. Halsted ensured the Authority that the work done by the design team is outstanding.

Mr. Elberling asked what are we doing to market internationally. Mr. Proud replied that we have been talking to many development groups using the direct outreach. In addition, direct mail to raise the awareness of the project, and outreach, advertising. Have generated a huge level of interest in the project.

Mr. Green expressed concerned with the contingency amount Mr. Elberling asked about the deadline to respond. Mr. Proud replied the deadline will be approximately 3 ½ months after we release the RFQ. The exact dates will be inserted once the printing budget is approved.

Mr. Elberling suggested we solicit international involvement in the project.

Mr. Cohen suggested we add a "whereas clause" to express the Authority's concern about the contingency amount. Mr. Green moved approval, Ms. Halsted seconded. Approved 6-0



14. **Adjourn** The meeting adjourns at 2:23PM.

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